

CIRCULAR DATED 20 DECEMBER 2012

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF J.P. MORGAN (S.E.A.) LIMITED TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Fraser and Neave, Limited (the “**Company**”), you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration No. 189800001R)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

Credit Suisse (Singapore) Limited

(Incorporated in Singapore)
(Company Registration No. 197702363D)

Merrill Lynch (Singapore) Pte. Ltd.

(Incorporated in Singapore)
(Company Registration No. 198602883D)

CIMB Bank Berhad (13491-P)

Singapore Branch
(Incorporated in Malaysia)

for and on behalf of

OUE BAYTOWN PTE. LTD.

(Incorporated in Singapore)
(Company Registration No. 201226074W)

a special purpose vehicle formed by a consortium led by

OVERSEAS UNION ENTERPRISE LIMITED

(Incorporated in Singapore)
(Company Registration No. 196400050E)

to acquire all of the issued and paid-up ordinary shares in the capital of the Company other than those held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by OUE Baytown Pte. Ltd.

Independent Financial Adviser to the Independent Directors

J.P.Morgan

J.P. Morgan (S.E.A.) Limited

(Incorporated in Singapore)
(Company Registration No. 198500154W)

SHAREHOLDERS SHOULD NOTE THAT THE OUE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT THE OUE OFFER WILL REMAIN OPEN FOR ACCEPTANCE UNTIL **5.30 P.M. ON 3 JANUARY 2013** OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF OUE BAYTOWN PTE. LTD..

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CORPORATE INFORMATION

Board of Directors	:	Mr Lee Hsien Yang (<i>Chairman</i>) Mr Timothy Chia Chee Ming Ms Maria Mercedes Corrales Mr Ho Tian Yee Mr Hirotake Kobayashi Mr Koh Beng Seng Dr Seek Ngee Huat Mr Tan Chong Meng Mr Nicky Tan Ng Kuang
Group Company Secretary	:	Mr Anthony Cheong Fook Seng
Registered Office	:	438 Alexandra Road #21-00 Alexandra Point Singapore 119958
Share Registrar and Transfer Office	:	Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898
Independent Financial Adviser to the Independent Directors in respect of the OUE Offer	:	J.P. Morgan (S.E.A.) Limited 168 Robinson Road #17-00 Capital Tower Singapore 068912
Legal Adviser to the Company in respect of the OUE Offer	:	Stamford Law Corporation 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315

DEFINITIONS

In this Circular, the following definitions apply throughout unless the content otherwise requires:

“2012 Final Dividend”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“AGM”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“APB Sale”	:	The sale by the Company to Heineken International B.V. of its interests in Asia Pacific Breweries Limited and Asia Pacific Investment Pte Ltd, which was approved by Shareholders at the extraordinary general meeting of the Company on 28 September 2012 and was completed on 15 November 2012
“Articles”	:	The articles of association of the Company
“AUD”	:	Australian dollar, being the lawful currency of Australia
“Books Closure Date”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“Break Fee”	:	Has the meaning ascribed to it in Section 6 of this Circular
“Break Fee Undertaking”	:	Has the meaning ascribed to it in Section 6 of this Circular
“Business Day”	:	A day (other than a Saturday, Sunday or public holiday in Singapore) on which commercial banks in Singapore are generally open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 20 December 2012 issued by the Company to Shareholders in relation to the OUE Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	Fraser and Neave, Limited
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	The agent banks included under CPFIS
“CPFIS”	:	The Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to CPFIS
“Encumbrances”	:	All liens, equities, mortgages, debentures, charges, pledges, title-retention, encumbrances, security interest, option, rights of pre-emption and any other third party rights or interests of any nature whatsoever
“ESOS Option”	:	Option to subscribe for new Shares granted pursuant to the Scheme
“EUR”	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the treaty on European Union (signed in Maastricht on 7 February 1992)

DEFINITIONS

“FY”	:	The financial year ending or ended 30 September
“F&B Acquisition”	:	The acquisition of the F&B Business pursuant to the Kirin F&B Offer, or a higher Kirin F&B Offer made in response to a competing F&B Offer
“F&B Acquisition Resolutions”	:	Has the meaning ascribed to it in Section 3.4 of this Circular
“F&B Business”	:	The food and beverages business of the Company and its subsidiaries comprising the companies, assets, liabilities, contracts and employees which constitute the businesses reported under the “Soft Drinks”, “Dairies” and “Breweries” (but excluding Asia Pacific Investment Pte Ltd and Asia Pacific Breweries Limited) operating segments in Note 5 to the audited consolidated financial statements of the F&N Group as at and for the year ended 30 September 2011
“F&N EGM”	:	Any meeting of the Shareholders held to approve the F&B Acquisition Resolutions and any adjourned meeting thereof
“F&N Group”	:	The Company, together with its subsidiaries and associated companies
“HKD”	:	Hong Kong dollar, being the lawful currency of Hong Kong
“IBHL”	:	International Beverage Holdings Limited, a wholly-owned subsidiary of ThaiBev
“IDR”	:	Indonesian rupiah, being the lawful currency of Indonesia
“IFA Reference Date”	:	10 December 2012, being the reference date used in the J.P. Morgan Letter
“Independent Directors”	:	The directors of the Company who are considered independent for the purposes of making the recommendation to Shareholders in respect of the OUE Offer and the TCC Offer, namely, Mr Lee Hsien Yang, Mr Timothy Chia Chee Ming, Ms Maria Mercedes Corrales, Mr Ho Tian Yee, Mr Koh Beng Seng, Dr Seek Ngee Huat, Mr Tan Chong Meng and Mr Nicky Tan Ng Kuang
“Independent Valuers”	:	Knight Frank Pte Ltd, CBRE Pte. Ltd., CBRE Valuations Pty Limited, CKS Property Consultants Pte Ltd, DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd., DTZ Debenham Tie Leung (Vietnam) Co. Ltd, Savills Valuation and Professional Services Limited and KJPP Rengganis, Hamid & Rekan
“J.P. Morgan”	:	J.P. Morgan (S.E.A.) Limited, the independent financial adviser to the Independent Directors in respect of the OUE Offer
“J.P. Morgan Letter”	:	Has the meaning ascribed to it in Section 9.1 of this Circular
“Kirin”	:	Kirin Holdings Company, Limited
“Kirin Acceptance Undertaking”	:	Has the meaning ascribed to it in Section 3.2 of this Circular

DEFINITIONS

“Kirin F&B Offer”	:	Has the meaning ascribed to it in Section 3.3 of this Circular
“Kirin F&B Offer Undertaking”	:	Has the meaning ascribed to it in Section 3.3 of this Circular
“Kirin F&N Shares”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“Latest Practicable Date”	:	13 December 2012, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the Mainboard of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Minimum Acceptance Condition”	:	Has the meaning ascribed to it in Section 2.5 of this Circular
“Original Independent Directors”	:	The directors of the Company who are considered independent for the purposes of making the recommendation to Shareholders in respect of the TCC Offer at the time of the issuance of the TCC Offeree Circular, namely, Mr Lee Hsien Yang, Mr Timothy Chia Chee Ming, Ms Maria Mercedes Corrales, Mr Ho Tian Yee, Mr Hirotake Kobayashi, Mr Koh Beng Seng, Dr Seek Ngee Huat, Mr Tan Chong Meng and Mr Nicky Tan Ng Kuang
“OUE”	:	Overseas Union Enterprise Limited
“OUE Baytown”	:	OUE Baytown Pte. Ltd., the offeror of the OUE Offer
“OUE Baytown FAA”	:	Form of Acceptance and Authorisation for the OUE Offer, which forms part of the OUE Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“OUE Baytown FAT”	:	Form of Acceptance and Transfer for the OUE Offer, which forms part of the OUE Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
“OUE Baytown’s Financial Advisers”	:	Credit Suisse (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd., and CIMB Bank Berhad, Singapore Branch collectively
“OUE Baytown Voting Undertaking”	:	Has the meaning ascribed to it in Section 3.4 of this Circular
“OUE Holding Announcement Date”	:	19 October 2012, being the date on which OUE announced, <i>inter alia</i> , that it was in discussions with certain parties and was considering all options with respect to the Company, including an offer for shares in the Company
“OUE Led Consortium”	:	A consortium led by OUE comprising OUE, certain investment funds and accounts managed by Farallon Capital Management, L.L.C. and Noonday Global Management Ltd and other investors
“OUE Offer”	:	The voluntary conditional cash offer by OUE Baytown’s Financial Advisers, for and on behalf of OUE Baytown, to acquire the OUE Offer Shares, on the terms and subject to the conditions set out in the OUE Offer Document, the OUE FAA and the OUE FAT

DEFINITIONS

“OUE Offer Announcement”	:	The announcement of the OUE Offer released by OUE Baytown’s Financial Advisers, for and on behalf of OUE Baytown, on the OUE Offer Announcement Date
“OUE Offer Announcement Date”	:	15 November 2012, being the date of the OUE Offer Announcement
“OUE Offer Closing Date”	:	5.30 p.m. on 3 January 2013 or such later date(s) as may be announced from time to time by or on behalf of OUE Baytown
“OUE Offer Document”	:	The offer document dated 6 December 2012, including the accompanying OUE Baytown FAA and/or the OUE Baytown FAT, issued by OUE Baytown’s Financial Advisers, for and on behalf of OUE Baytown, in respect of the OUE Offer
“OUE Offer Price”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“OUE Offer Shares”	:	Shares other than those Shares held by the Company as treasury shares and those Shares already owned, controlled or agreed to be acquired by OUE Baytown as at the date of the OUE Offer
“Outside Purchases”	:	Has the meaning ascribed to it in Section 2.11 of this Circular
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP
“PHP”	:	Philippine peso, being the lawful currency of the Philippines
“PSP”	:	The F&N Performance Share Plan
“Register”	:	The register of members of the Company as maintained by the Registrar
“Registrar”	:	Tricor Barbinder Share Registration Services, the share registrar of the Company
“RM”	:	Ringgit Malaysia, being the lawful currency of Malaysia
“RMB”	:	Renminbi, being the lawful currency of the People’s Republic of China
“RSP”	:	The F&N Restricted Share Plan
“Scheme”	:	The F&N Executive Share Option Scheme which was approved and adopted by the Company on 30 September 1999 and expired on 30 September 2009
“Securities Account”	:	A securities account maintained by a depositor with CDP
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Award”	:	A contingent award of a Share granted under the Share Plans
“Share Plans”	:	The PSP and the RSP
“Shareholders”	:	The registered holders of Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST

DEFINITIONS

“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than 5 per cent. of the issued voting Shares
“TCC Assets”	:	TCC Assets Limited
“TCC FAA”	:	Form of Acceptance and Authorisation for the TCC Offer, which forms part of the TCC Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“TCC FAT”	:	Form of Acceptance and Transfer for the TCC Offer, which forms part of the TCC Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
“TCC’s Financial Advisers”	:	United Overseas Bank Limited, DBS Bank Ltd. and Morgan Stanley Asia (Singapore) Pte. collectively
“TCC Offer”	:	The mandatory conditional cash offer by TCC’s Financial Advisers, for and on behalf of TCC, to acquire all the TCC Offer Shares, on the terms and subject to the conditions set out in the TCC Offer Document, the TCC FAA and the TCC FTA
“TCC Offer Closing Date”	:	2 January 2013, or such later date(s) as may be announced from time to time by or on behalf of TCC Assets, being the last day for the lodgement of acceptances for the TCC Offer
“TCC Offer Document”	:	The offer document dated 27 September 2012 issued by TCC’s Financial Advisers, for and on behalf of TCC Assets, in respect of the TCC Offer
“TCC Offer Shares”	:	All the Shares, other than those Shares held by the Company as treasury shares and those Shares owned, controlled or agreed to be acquired, directly or indirectly, by TCC Assets and IBHL as at the date of the TCC Offer
“TCC Offeree Circular”	:	The circular to Shareholders dated 11 October 2012 by the Company containing the recommendations of the Original Independent Directors and the advice of the independent financial adviser to the Original Independent Directors in relation to the TCC Offer
“ThaiBev”	:	Thai Beverage Public Company Limited
“THB”	:	Thai baht, being the lawful currency of Thailand
“USD” or “US\$”	:	United States dollar, being the lawful currency of the United States of America
“VND”	:	Vietnamese dong, being the lawful currency of Vietnam
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Percentage or per centum

DEFINITIONS

The term “**acting in concert**” shall have the meaning ascribed to it in the Code, and references to “**concert parties**” shall be construed accordingly.

The term “**associated company**” shall have the meaning ascribed to it in the Listing Manual.

The terms “**depositor**”, “**depository agent**” and “**depository register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures may have been adjusted to ensure that totals reflect an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual or any statutory or regulatory modification thereof and not otherwise defined in this Circular, shall have the meaning assigned to it under the Companies Act, the Code, the Listing Manual or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

SUMMARY TIMETABLE

Date of despatch of the OUE Offer Document	:	6 December 2012
Date of despatch of this Circular	:	20 December 2012
Closing Date	:	5.30 p.m. on 3 January 2013, or such later date(s) as may be announced from time to time by or for and on behalf of OUE Baytown
Date of settlement of consideration for valid acceptances of the OUE Offer	:	Within 10 days after (a) the OUE Offer becomes or is declared unconditional in all respects in accordance with its terms; or (b) the date of receipt of each valid and complete acceptance where such acceptance is tendered after the OUE Offer has become or has been declared unconditional in all respects in accordance with its terms.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration No.: 189800001R)

Board of Directors:

Mr Lee Hsien Yang (*Chairman*)
Mr Timothy Chia Chee Ming
Ms Maria Mercedes Corrales
Mr Ho Tian Yee
Mr Hirotake Kobayashi
Mr Koh Beng Seng
Dr Seek Ngee Huat
Mr Tan Chong Meng
Mr Nicky Tan Ng Kuang

Registered Office:

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

20 December 2012

To: The Shareholders of the Company

Dear Sir / Madam

VOLUNTARY CONDITIONAL CASH OFFER BY OUE BAYTOWN FOR THE OUE OFFER SHARES

1. BACKGROUND

- 1.1 The OUE Offer.** On 19 October 2012, OUE had announced that it was in discussions with certain parties and was considering all options with respect to the Company, including an offer for the Shares.

On 15 November 2012, OUE Baytown's Financial Advisers had announced, for and on behalf of OUE Baytown, that OUE Baytown intends to make a voluntary conditional cash offer for the Shares other than those Shares held by the Company as treasury shares and those Shares already owned, controlled or agreed to be acquired, by OUE Baytown, as at the date of the OUE Offer (the "**OUE Offer Shares**").

OUE Baytown is a company formed by a consortium led by OUE to make the OUE Offer. Further details on OUE Baytown are set out in Section 4.1 of this Circular.

A copy of the OUE Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

- 1.2 The TCC Offer.** Prior to this, on 11 September 2012, ThaiBev had announced that it understood that a party acting in concert with ThaiBev was exploring the possibility of making an offer for the Company.

The TCC Offer was announced on 13 September 2012 and the TCC Offer Document was despatched to Shareholders on 27 September 2012. The TCC Offeree Circular containing, *inter alia*, the advice from J.P. Morgan to the Original Independent Directors, and the recommendations of the Original Independent Directors, in relation to the TCC Offer, was despatched to Shareholders on 11 October 2012.

- 1.3 Extension of the TCC Offer.** TCC's Financial Advisers announced, for and on behalf of TCC Assets, consecutive extensions of the TCC Offer Closing Date on 25 October 2012, 8 November 2012, 22 November 2012 and 11 December 2012. The latest TCC Offer Closing Date announced is 5.30 p.m. (Singapore time) on 2 January 2013, or such later date(s) as may be announced from time to time by or on behalf of TCC Assets.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

- 1.4 OUE Offer Document.** Shareholders should have received a copy of the OUE Offer Document setting out, *inter alia*, the terms and conditions of the OUE Offer. **Shareholders are advised to read the terms and conditions of the OUE Offer set out in the OUE Offer Document carefully.**

A copy of the OUE Offer Document is available on the website of the SGX-ST at www.sgx.com.

- 1.5 Purpose of Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the OUE Offer and to set out the recommendation of the Independent Directors and the advice of J.P. Morgan to the Independent Directors in relation to the OUE Offer. J.P. Morgan has been appointed as the independent financial adviser to the Independent Directors in respect of the OUE Offer. **Shareholders should carefully consider the recommendation of the Independent Directors and the advice of J.P. Morgan to the Independent Directors set out in this Circular before deciding whether or not to accept the OUE Offer.**

2. THE OUE OFFER

Based on the information set out in the OUE Offer Document, OUE Baytown's Financial Advisers have, for and on behalf of OUE Baytown, offered to acquire the OUE Offer Shares on the terms and subject to the conditions set out in the OUE Baytown Offer Document, the OUE Baytown FAA and the OUE Baytown FAT. The principal terms and conditions of the OUE Offer, as extracted from the OUE Offer Document, are set out below:

- 2.1 OUE Offer Price.** As set out in the OUE Offer Document, the OUE Offer is made on the following basis:

For each OUE Offer Share: S\$9.08 in cash ("OUE Offer Price").

- 2.2 OUE Offer Shares.** The OUE Offer is extended to all Shares, other than those Shares held by the Company as treasury shares and those Shares already owned, controlled or agreed to be acquired, by OUE Baytown as at the date of the OUE Offer, subject to the terms and conditions set out in the OUE Offer Document, the OUE Baytown FAA and/or the OUE Baytown FAT (as the case may be).

The OUE Offer will be extended, on the same terms and conditions, to:

- (a) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any outstanding ESOS Options to subscribe for new Shares granted under the Scheme, on or prior to the close of the OUE Offer; and
- (b) all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any Share Award for new Shares granted under the Share Plans, on or prior to the close of the OUE Offer.

For the purposes of the OUE Offer, the expression "**OUE Offer Shares**" shall include the aforesaid Shares.

- 2.3 No Encumbrances.** The OUE Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the OUE Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, other distributions and return of capital declared, paid or made by the Company on or after the OUE Offer Announcement Date.

If any dividend, right, other distribution or return of capital is declared, paid or made by the Company on or after the OUE Offer Announcement Date to a Shareholder who accepts or has accepted the OUE Offer, OUE Baytown reserves the right to reduce the OUE Offer Price payable to such accepting Shareholder by the amount of such dividend, right, other distribution or return of capital.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

- 2.4 Adjustment for Dividends.** On 16 November 2012, the Board of Directors proposed a final tax exempt dividend of S\$0.12 per Share for the financial year ended 30 September 2012 ("**2012 Final Dividend**"). The 2012 Final Dividend is subject to the approval of Shareholders at the Company's forthcoming annual general meeting to be held on 29 January 2013 ("**AGM**"). Subject to the approval of Shareholders at the AGM, the books closure date for determining the entitlement to the 2012 Final Dividend will be 5 February 2013 ("**Books Closure Date**") and the 2012 Final Dividend will be paid on 21 February 2013.

If the 2012 Final Dividend is approved at the AGM, and assuming that the OUE Offer has not closed, been withdrawn or lapsed, the following shall apply:

- (a) If an accepting Shareholder's OUE Offer Shares are transferred to the Securities Account of OUE Baytown or (in the case of scrip shareholders) OUE Baytown is reflected as the holder of such accepting Shareholder's OUE Offer Shares in the Register by Books Closure Date, OUE Baytown will pay such accepting Shareholder the OUE Offer Price in cash for each OUE Offer Share (as OUE Baytown will receive the 2012 Final Dividend in respect of such OUE Offer Shares from the Company); and
- (b) If an accepting Shareholder's OUE Offer Shares are transferred to the Securities Account of OUE Baytown or (in the case of scrip shareholders) OUE Baytown is reflected as the holder of such accepting Shareholder's OUE Offer Shares in the Register after the Books Closure Date, the amount of the 2012 Final Dividend in respect of such accepting Shareholder's OUE Offer Shares will be deducted from the OUE Offer Price payable for such OUE Offer Shares (as such accepting Shareholder, and not OUE Baytown, will receive the 2012 Final Dividend in respect of such OUE Offer Shares from the Company).

Notwithstanding sub-paragraph (a) above, OUE Baytown reserves the right to recover the amount of the 2012 Final Dividend from an accepting Shareholder if such accepting Shareholder shall still receive the 2012 Final Dividend despite the fact that such accepting Shareholder's OUE Offer Shares were transferred to the Securities Account of OUE Baytown or (in the case of scrip shareholders) OUE Baytown is reflected as the holder of such accepting Shareholder's OUE Offer Shares in the Register by Books Closure Date.

- 2.5 Minimum Acceptance Condition.** The OUE Offer will be conditional upon OUE Baytown having received, by the close of the OUE Offer, valid acceptances (which have not been withdrawn) in respect of such number of OUE Offer Shares, which when taken together with the Shares owned, controlled or agreed to be acquired by OUE Baytown and parties acting in concert with it (either before or during the OUE Offer and pursuant to the OUE Offer or otherwise), will result in OUE Baytown and parties acting in concert with it holding such number of Shares carrying more than 50 per cent. of the total voting rights attributable to the Shares as at the close of the OUE Offer ("**Minimum Acceptance Condition**").

Accordingly, the OUE Offer will not become or be capable of being declared unconditional as to acceptances until the close of the OUE Offer, unless at any time prior to the close of the OUE Offer, OUE Baytown has received valid acceptances in respect of such number of OUE Offer Shares which, when taken together with the number of Shares owned, controlled or agreed to be acquired by OUE Baytown and parties acting in concert with it (either before or during the OUE Offer and pursuant to the OUE Offer or otherwise), will result in OUE Baytown and parties acting in concert with it holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the "**maximum potential issued share capital of the Company**" means the total number of Shares which would be in issue had all the ESOS Options and Share Awards been validly exercised, vested or released (as the case may be) as at the date of such declaration.

Save for the Minimum Acceptance Condition, the OUE Offer is unconditional in all other respects.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

- 2.6 ESOS Options and Share Awards.** As stated in Sections 2.5 and 2.6 of the OUE Offer Document, OUE Baytown will not make an offer to acquire the ESOS Options and the Share Awards. However, as mentioned above, the OUE Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, vesting or release of any ESOS Options and Share Awards (as the case may be) on or prior to the OUE Offer Closing Date.

As at 13 December 2012, being the Latest Practicable Date, there are:

- (a) 997,156 outstanding ESOS Options granted under the Scheme; and
- (b) 3,912,420¹ outstanding Share Awards granted under the Share Plans.

- 2.7 Warranty.** According to Section 2.7 of the OUE Offer Document, a Shareholder who tenders his OUE Offer Shares in acceptance of the OUE Offer will be deemed to unconditionally and irrevocably warrant that he sells such OUE Offer Shares as (or, as the case may be, on behalf of) their beneficial owner(s), and that they are (a) fully paid, (b) free from any Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the OUE Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, other distributions and return of capital declared, paid or made by the Company on or after the OUE Offer Announcement Date.

- 2.8 OUE Offer Closing Date.** Shareholders should note that the OUE Offer will close at 5.30 p.m. (Singapore time) on 3 January 2013 or such later date(s) as may be announced from time to time by or on behalf of OUE Baytown.

- 2.9 Further terms of the OUE Offer.** Further details of the OUE Offer, including details on (a) the duration of the OUE Offer; (b) the settlement of the consideration for the OUE Offer; (c) the requirements relating to the announcements of the level of acceptances of the OUE Offer; and (d) the right of withdrawal of the acceptances of the OUE Offer, are set out in Appendix 1 to the OUE Offer Document.

- 2.10 Procedures for Acceptance.** The procedures for acceptance of the OUE Offer are set out in Appendix 2 to the OUE Offer Document and the accompanying OUE Baytown FAA and/or OUE Baytown FAT.

Shareholders who have tendered their OUE Offer Shares in acceptance of the TCC Offer and who wish to accept the OUE Offer instead must first withdraw their acceptances of the TCC Offer pursuant to Rule 29 of the Code before tendering their acceptances of the OUE Offer. Further details on the withdrawal of acceptances of the TCC Offer are set out in Sections 1.4 and 2.2 of Appendix 2 to the OUE Offer Document and Section 3 of Appendix IV to the TCC Offer Document.

- 2.11 Purchases Outside of the OUE Offer.** Section 1.8 of Appendix 1 to the OUE Offer Document states that subject to the requirements under the laws of Singapore, OUE Baytown and its affiliates may purchase or make arrangements to purchase OUE Offer Shares outside of the OUE Offer, such as in open market transactions or privately negotiated purchases ("**Outside Purchases**"), provided that if required under applicable laws, (a) such Outside Purchases will not be made, and may not be accepted by, any Overseas Shareholders resident or domiciled in the United States of

¹ Depending on whether certain performance targets are met over a two-year period (for the RSP) and three-year period (for the PSP), the final number of Shares allotted or transferred to the recipient can range from 0% to 150% (for the RSP) and 0% to 200% (for the PSP) of the Share Awards. In this regard, as at the Latest Practicable Date, the maximum number of Shares which could be allotted or transferred pursuant to the outstanding Share Awards would be 5,226,283 Shares.

The Company is intending to grant 1,689,904 additional Share Awards under the Share Plans (the maximum number of Shares which could be allotted or transferred pursuant to these new Share Awards will be 2,638,061 Shares), on a date falling subsequent to the Latest Practicable Date. Accordingly after the grant of those additional Share Awards, there will be an aggregate of 5,602,324 Share Awards outstanding under the Share Plans, and the aggregate maximum number of Shares which could be allotted or transferred pursuant to all the Share Awards would be 7,864,344 Shares.

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America, and (b) the OUE Offer Price is increased to match any consideration paid in any such purchase or arrangement that is greater than the OUE Offer Price. Information about such Outside Purchases will be made publicly available on the website of the SGX-ST at www.sgx.com.

3. IRREVOCABLE UNDERTAKINGS AND AGREEMENTS BETWEEN OUE BAYTOWN AND KIRIN

*Shareholders should note that the information in this Section 3 was extracted from publicly available information as of the Latest Practicable Date (including the OUE Offer Announcement and the OUE Offer Document). Other than the Kirin Acceptance Undertaking (as defined below), none of the Company and the Independent Directors has had access to the Kirin F&B Offer Undertaking and the OUE Baytown Voting Undertaking (both as defined below). **The Company has not engaged in any negotiations with any of Kirin or OUE Baytown on the Kirin F&B Offer.***

3.1 Kirin's Shareholding in the Company. As stated in Section 6.1 of the OUE Offer Document, Kirin, as at 29 November 2012, held 212,773,000 Shares ("**Kirin F&N Shares**"), which represents approximately 14.8% of the total number of Shares.²

3.2 Kirin Acceptance Undertaking. As disclosed in the OUE Offer Document, Kirin gave an irrevocable undertaking to OUE Baytown to tender all the Kirin F&N Shares in acceptance of the OUE Offer ("**Kirin Acceptance Undertaking**") on the terms stated in Section 6.1(a) of the OUE Offer Document. Section 6.1(a) of the OUE Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

"(a) Kirin Acceptance Undertaking

Kirin has undertaken to the Offeror that it:

- (i) will tender all the Kirin F&N Shares in acceptance of the Offer, and will not withdraw its acceptance of the Offer; and*
- (ii) will not accept any competing proposal for the Kirin F&N Shares ("**Competing Proposal**") and will vote all the Kirin F&N Shares against and reject any Competing Proposal,*

("Kirin Acceptance Undertaking").

The Kirin Acceptance Undertaking will lapse if, inter alia:

- (A) the Offer Announcement is not released as at the date of the Kirin Acceptance Undertaking;*
- (B) the Offer Document is not posted to Shareholders within 21 days of the release of the Offer Announcement (or such longer period as the SIC may approve);*
- (C) the Offer is withdrawn, lapses or fails to become or be declared unconditional in all respects for any reason (other than as a result of a breach by Kirin of its obligations under the Kirin Acceptance Undertaking); or*
- (D) any offer for all the F&N Shares (other than the Offer) becomes or is declared unconditional in all respects (other than as a result of a breach by Kirin of its obligations under the Kirin Acceptance Undertaking).*

*As the Offer Announcement was released as at the date of the Kirin Acceptance Undertaking and this Offer Document has been posted to Shareholders within 21 days of the release of the Offer Announcement, Conditions (A) and (B) set out in this **Section 6.1(a)** have been met."*

² Based on 1,440,522,280 Shares (excluding 4,100 Shares held by the Company as treasury shares) in issue as at 13 December 2012.

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- 3.3 Kirin F&B Offer Undertaking.** Kirin also gave a further undertaking to OUE Baytown to make a binding cash offer (“**Kirin F&B Offer**”) to the Company to acquire the F&B Business (“**Kirin F&B Offer Undertaking**”) on the terms stated in Section 6.1(b) of the OUE Offer Document. Section 6.1(b) of the OUE Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“(b) Kirin F&B Offer Undertaking

*Kirin has undertaken to the Offeror that it will make a binding cash offer to F&N to acquire the F&B Business of the F&N Group, at a price of S\$2.7 billion and on other terms pre-agreed between Kirin and the Offeror (the “**Kirin F&B Offer Undertaking**”), which terms are attached to the Kirin F&B Offer Undertaking (the “**Kirin F&B Offer**”). Such terms were negotiated on an arms-length basis by the Offeror in its capacity as a potential majority shareholder of F&N. The Offeror was informed that the Kirin F&B Offer has been made on the Offer Announcement Date but shall take effect and be capable of acceptance by F&N only upon the Offer becoming or being declared unconditional in all respects.*

The Kirin F&B Offer Undertaking will lapse on the earliest to occur of the following:

- (i) the Offer Announcement is not released as at the date of the Kirin F&B Offer Undertaking;*
- (ii) the Offer Document is not posted to Shareholders within 21 days of the release of the Offer Announcement (or such longer period as the SIC may approve);*
- (iii) the Offer is withdrawn, lapses or fails to become or be declared unconditional in all respects for any reason;*
- (iv) the date on which F&N executes a definitive agreement to sell the F&B Business to a third party pursuant to a Higher Competing F&B Offer for the whole of the F&B Business being accepted by F&N under the terms of the Offeror Voting Undertaking; or*
- (v) an agreed long stop date (the “**Long Stop Date**”).*

*As the Offer Announcement was released as at the date of the Kirin F&B Offer Undertaking and this Offer Document has been posted to Shareholders within 21 days of the release of the Offer Announcement, Conditions (i) and (ii) set out in this **Section 6.1(b)** have been met.”*

- 3.4 OUE Baytown Voting Undertaking.** OUE Baytown gave an irrevocable undertaking to Kirin to vote all the Shares that it may hold in favour of the acquisition of the F&B Business pursuant to the Kirin F&B Offer (“**OUE Baytown Voting Undertaking**”) on the terms stated in Sections 6.2 and 6.3 of the OUE Offer Document. Sections 6.2 and 6.3 of the OUE Offer Document are reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“6.2 As at the Offer Announcement Date, the Offeror has provided the following irrevocable undertaking to Kirin:

(a) Offeror Voting Undertaking

*The Offeror has undertaken to Kirin that it will vote all the F&N Shares (the “**Offeror Voting Undertaking**”) to be held by the Offeror as at the date and time for determining whether any person is entitled to vote at the F&N EGM (which shall not be less than 50% plus 1 F&N Share of the total number of issued F&N Shares as at the close of the Offer), in favour of the F&B Acquisition and any other matter necessary or proposed to implement the F&B Acquisition (“**F&B Acquisition Resolutions**”) at the F&N EGM.*

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*Under the terms of the Offeror Voting Undertaking, in the event that the F&N Board does not within an agreed timeframe execute a definitive agreement in relation to the F&B Acquisition (the “**Definitive Agreement**”), the Offeror will in its capacity as a Shareholder requisition an extraordinary general meeting for the purpose of considering and passing the F&B Acquisition Resolutions.*

The Offeror Voting Undertaking is subject to the following conditions being fulfilled or satisfied:

- (i) the Kirin F&B Offer being made by Kirin to F&N as at the Offer Announcement Date;*
- (ii) the Offer becoming or being declared unconditional in all respects in accordance with its terms;*
- (iii) the independent financial adviser to the F&N Board stating, in the offeree board circular to be issued in relation to the Offer, that in their opinion the terms of the Kirin F&B Offer are fair and reasonable. For the avoidance of doubt, where applicable, Kirin shall in its sole discretion be entitled but not obliged to revise the Kirin F&B Offer for the purpose of satisfying this Condition (iii); and*
- (iv) there being no competing offer for the whole of the F&B Business, the consideration for which is higher than the Kirin F&B Offer and the terms and conditions of which are no more onerous than that offered by Kirin (“**Higher Competing F&B Offer**”) being made by a competing F&B offeror to F&N which is capable of acceptance by F&N for not less than 14 days, within the period commencing on the date of the Offeror Voting Undertaking up to and including the date falling 60 days from the date of the Offer becoming or being declared unconditional in all respects (“**Relevant Period**”), or if there is such Higher Competing F&B Offer being so made, Kirin submitting a higher Kirin F&B Offer to F&N within 14 days of the date when F&N has notified Kirin of the receipt by F&N of such Higher Competing F&B Offer,*

provided that, in the event, (a) the Offeror holds, controls or has agreed to acquire 90% or more of the total number of issued ordinary shares in the capital of F&N as at the close of the Offer and (b) F&N is delisted from the SGX-ST, Condition (iv) shall not apply. Condition (iv) shall be considered by the parties as having been satisfied during the Relevant Period for so long as no Higher Competing F&B Offer is made by a competing F&B offeror but shall apply upon a Higher Competing F&B Offer being made by a competing F&B offeror during the Relevant Period.

The Offeror Voting Undertaking shall lapse on the earliest to occur of the following:

- (A) the Kirin F&B Offer is not made to F&N as at the Offer Announcement Date;*
- (B) the Defintive Agreement lapses or is terminated for any reason;*
- (C) the date on which closing under the Definitive Agreement takes place; or*
- (D) the Long Stop Date.*

*The Offeror has been informed by Kirin that the Kirin F&B Offer was made to F&N on the Offer Announcement Date. Accordingly, Condition (A) set out in this **Section 6.2(a)** has been met.*

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6.3 *Under the terms of the Offeror Voting Undertaking, where a Higher Competing F&B Offer is made during the Relevant Period and Kirin does not submit a higher Kirin F&B Offer within 14 days, the Offeror shall vote its F&N Shares in favour of the Higher Competing F&B Offer. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, in the event that F&N completes the sale of the F&B Business to a competing F&B offeror, OUE and the Offeror will pay to Kirin in cash an amount representing the Offeror's portion of the premium represented by the aggregate purchase consideration paid by the competing F&B offeror over the consideration offered under the Kirin F&B Offer."*

3.5 SIC Confirmation of No Special Deal. As stated in Section 6.5 of the OUE Offer Document, SIC has confirmed on 5 and 14 November 2012 that the arrangements set out in Section 6 of the OUE Offer Document, parts of which are extracted and reproduced here in Section 3 of this Circular, do not constitute special deals for the purposes of the Code, subject to the independent financial adviser to the Independent Directors publicly stating that in its opinion the terms of the Kirin F&B Offer are fair and reasonable.

3.6 J.P. Morgan's Opinion on the Kirin F&B Offer. The opinion of J.P. Morgan addressed to the Independent Directors on the Kirin F&B Offer from a financial point of view are set out in Section 9.5 of this Circular.

Shareholders should note that the opinion of J.P. Morgan on the Kirin F&B Offer as stated in Section 9.5 of this Circular is being provided solely for the purpose of the Independent Directors' consideration of the OUE Offer and may not be relied on by the Independent Directors for any other purpose or by any other person. Nothing in this Circular is to be construed as advice by J.P. Morgan to any person (other than the Independent Directors but solely for the purpose stated above) on the Kirin F&B Offer or the F&B Business, or a recommendation or advice by the Independent Directors to any person in relation to the Kirin F&B Offer or the F&B Business, including but not limited to any decision that any person may take in relation to any transaction involving the Kirin F&B Offer or the F&B Business and the exercise of voting rights in respect of their Shares at any meeting of the Company which may be held in connection with the Kirin F&B Offer and any other matter necessary or proposed to implement the acquisition of the F&B Business by Kirin, or at any adjournment thereof.

4. INFORMATION ON OUE BAYTOWN AND PARTIES ACTING IN CONCERT WITH IT

4.1 Information on OUE Baytown and the parties acting in concert with it, as set out in Section 4 of the OUE Offer Document, is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

"4.1 The Offeror

*The Offeror is a special purpose vehicle incorporated in Singapore and formed by a consortium led by OUE ("OUE Led Consortium") to make the Offer. Further details of the OUE Led Consortium are set out in **Section 4.2** below.*

The Offeror is a wholly-owned subsidiary of Arbon Pte. Ltd., a company incorporated in Singapore, which is in turn wholly-owned by Arbon Holdings, a company incorporated in the Cayman Islands of which 50% is owned by OUE with the remaining 50% being owned by OCl. The sole director of the Offeror is Mr. Thio Gim Hock.

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4.2 The OUE Led Consortium

The OUE Led Consortium comprises OUE, certain investment funds and accounts managed by Farallon and Noonday (the “**Farallon/Noonday Funds**”) and other investors and is led by OUE. Further information on the members of the OUE Led Consortium is set out below:

(a) OUE

Overseas Union Enterprise Limited (SGX-ST: “OUE”) is listed on the Mainboard of the SGX-ST. OUE is a diversified real estate owner, developer and operator with a portfolio of prime assets in key locations in Singapore, and hotels in Malaysia and the People’s Republic of China. It was incorporated in Singapore in 1964. Historically, the OUE Group has derived substantially all of its revenue from its hospitality operations.

The OUE Group now focuses its business across the hospitality, retail, commercial and residential property segments. It operates its hospitality business under the brands “Meritus” and “Meritus Mandarin”. It develops and holds commercial and retail properties for investment and rental income purposes while it develops residential properties for sale.

Its developments and investments include OUE Bayfront, OUE Link, OUE Tower, 6 Shenton Way Towers 1 and 2 (DBS Building Towers 1 and 2), Mandarin Orchard Singapore, Meritus Mandarin Haikou and Crowne Plaza Changi Airport hotel. Through its shareholding interest in OUB Centre Limited, the OUE Group has a partial indirect interest in One Raffles Place Towers 1 and 2. It is also developing a residential development, Twin Peaks.

(b) OCI

OCI is a vehicle owned by the Farallon/Noonday Funds. Through OCI, the Farallon/Noonday Funds, together with certain funds managed by ASM, will provide debt financing to Arbon Holdings. Credit Suisse AG will also provide debt financing to Arbon Holdings alongside the Farallon/Noonday Funds and certain funds managed by ASM. The funding provided to Arbon Holdings, together with the funding from OUE provided to Arbon Holdings, will be used by the Offeror for the purposes of making the Offer.

Farallon was founded in March 1986 in San Francisco, California and has been a registered investment adviser with the United States Securities and Exchange Commission since 1990. Noonday and its affiliates serve as exclusive sub-advisers to Farallon. Farallon and Noonday manage equity capital for institutions and high net worth individuals. Farallon’s and Noonday’s investment strategy is to achieve superior risk-adjusted returns through a process of fundamental, bottom-up analysis. Capital may shift among strategies, asset classes and geographies based on prevailing opportunities. Investments include public and private debt and equity securities, direct investments in private companies and real estate. Farallon and Noonday invest globally, focusing on developed and emerging markets alike. Each of the Farallon/Noonday Funds participating in the financing is a limited liability company or limited partnership formed in the United States of America or in the Cayman Islands and is managed on a discretionary basis by Farallon and Noonday.

ASM, based in Hong Kong, was founded in 2002. ASM is a fund management company focusing on special situation investments in Asia. It currently manages in excess of US\$1.0 billion of assets.”

- 4.2 Appendix 4 to the OUE Offer Document sets out certain additional information on OUE Baytown, which is reproduced in Appendix II to this Circular.

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5. NO DOWNSTREAM OFFERS FOR CERTAIN ENTITIES

OUE Baytown has stated in Section 8 of the OUE Offer Document that SIC has confirmed that OUE Baytown is not required to make an offer for the following entities as a consequence of OUE Baytown acquiring control of the Company where the OUE Offer becomes unconditional in all respects:

- (a) Asia Pacific Breweries Limited;
- (b) Frasers Centrepont Trust;
- (c) Frasers Commercial Trust; and
- (d) Fung Choi Media Group Limited.

6. BREAK FEE

6.1 Break Fee Arrangement. In consideration of OUE Baytown making the OUE Offer at an offer price of not less than S\$9.08, the Company agreed on 15 November 2012 to pay OUE Baytown a fee (the “**Break Fee**”, the undertaking to pay such break fee, the “**Break Fee Undertaking**”) equal to the costs and expenses reasonably incurred by OUE Baytown in respect of its legal and financial advisers and lenders in connection with the making of the OUE Offer, subject to a maximum of S\$50 million and a reduction mechanism described below in Section 6.2 of this Circular.

The Break Fee will be payable in the event that a general offer (not being the OUE Offer) for the Shares at or above the OUE Offer Price becomes or is declared unconditional as to acceptances within 85 calendar days from the date of the OUE Offer Announcement or such longer period that SIC may allow the OUE Offer to continue.

The Break Fee will not be payable:

- (a) if OUE Baytown does not announce its firm intention to make the OUE Offer on or before 15 November 2012; or
- (b) if, after the announcement of the OUE Offer, OUE Baytown withdraws or is prevented from proceeding with the OUE Offer at any time before (i) the despatch of the OUE Offer Document, or (ii) the closing date of the OUE Offer.

OUE Baytown has announced its firm intention to make the OUE Offer on 15 November 2012. Accordingly, Condition (a) set out in this Section 6.1 of this Circular has been met.

6.2 Reduction Mechanism. The Break Fee shall also be reduced by an amount equal to the actual gains or potential gains that OUE Baytown and/or its concert parties (other than certain excluded parties) may attain from a sale or a deemed sale of any Shares that they may hold, acquire or agree to acquire after the OUE Offer Announcement Date.

6.3 Rationale for the Break Fee Undertaking. The Company has given the Break Fee Undertaking in order to create a competitive bid situation, thereby maximising value for Shareholders. As of the date on which the Break Fee Undertaking was given by the Company:

- (a) under the TCC Offer, TCC Assets was offering to acquire the TCC Offer Shares at an offer price of S\$8.88 per Share; and
- (b) the Company had not received notice of any intention from TCC Assets to increase its offer price.

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To provide an alternative offer for Shareholders at a higher price than the offer price under the TCC Offer and thereby create a competitive bid situation, the Company issued the Break Fee Undertaking to OUE Baytown in consideration of OUE Baytown making the OUE Offer at an offer price of not less than S\$9.08 per Share.

- 6.4 SIC Ruling.** The Company has applied for, and SIC has on 15 November 2012 issued, a ruling that the Break Fee arrangement set out in Section 6 of this Circular is in compliance with Rule 13 of the Code.

7. OUE BAYTOWN'S RATIONALE, INTENTIONS AND FUTURE PLANS

- 7.1 General.** The full text of the rationale for the OUE Offer, OUE Baytown's intentions for the Company and the future plans for the Company has been extracted from Sections 9 and 12 of the OUE Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document. Shareholders are advised to read these pages carefully.

7.2 Rationale for the OUE Offer and OUE Baytown's intentions for the Company

"9.1 As the APBL Disposal has been completed, upon the divestment of the F&B Business, F&N will become primarily a property player. The Offeror views F&N as one of the leading integrated property companies in Singapore with a strong track record of success and a highly attractive property portfolio, which is complementary to OUE's existing property portfolio. Combining both portfolios will further establish OUE as a leading property player in Singapore and expand OUE's footprint in Singapore and regionally.

9.2 Save as disclosed above, the Offeror has no present intention to (a) make any major changes to the existing businesses of the Company, (b) redeploy the fixed assets of the Company or (c) discontinue the employment of the employees of the F&N Group. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of the Offeror."

7.3 Listing Status and Compulsory Acquisition

"12.1 Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), the SGX-ST may suspend the trading of the F&N Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), thus causing the percentage of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the F&N Shares only at the close of the Offer.

Under Rule 724 of the Listing Manual, if the percentage of the F&N Shares held in public hands falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the F&N Shares. The SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the F&N Shares held in public hands to at least 10%, failing which the Company may be delisted.

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12.2 **Compulsory Acquisition under Section 215(1) of the Companies Act**

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the F&N Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any F&N Shares held by the Company as treasury shares) ("**Compulsory Acquisition Acceptances Threshold**"), the Offeror would be entitled to exercise the right to compulsorily acquire all the F&N Shares of Shareholders who have not accepted the Offer ("**Non-Assenting Shareholders**") at a price equal to the Offer Price ("**Compulsory Acquisition**").

12.3 **Offeror's Intentions**

The Offeror presently has no intention to exercise any such Compulsory Acquisition right under Section 215(1) of the Companies Act in the event that the Offeror receives acceptances pursuant to the Offer for not less than the Compulsory Acquisition Acceptances Threshold and it is the present intention of the Offeror to maintain the listing status of F&N on the SGX-ST. However, the Offeror reserves its right to reassess its position, particularly in the event that it receives acceptances pursuant to the Offer at or exceeding the Compulsory Acquisition Acceptances Threshold.

12.4 **Non-Assenting Shareholders' Rights under Section 215(3) of the Companies Act**

Non-Assenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their F&N Shares in the event that the Offeror, its related corporations, or their respective nominees acquire, pursuant to the Offer or otherwise, such number of F&N Shares which, together with the F&N Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued F&N Shares as at the close of the Offer. Non-Assenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice."

8. **DIRECTORS' INTERESTS AND INTENTIONS**

8.1 Interests in the OUE Offer Shares. Details of the Directors, including *inter alia*, the Directors' direct and deemed interests in the OUE Offer Shares as at the Latest Practicable Date, are set out in Appendix I to this Circular.

8.2 Intentions with regard to the OUE Offer. As at the Latest Practicable Date, the following Directors who directly hold Shares or who exercise a power of disposition of any Shares intend to respond to the OUE Offer in respect of such Shares in the following manners:

- (a) Mr Lee Hsien Yang intends not to accept the OUE Offer in respect of the 180,000 Shares directly held by him unless the OUE Offer turns unconditional. In respect of the 408,240 Shares held by the estate of Mr Kwa Siew Tee, which Mr Lee Hsien Yang is one of three trustees, the family estate intends not to accept the OUE Offer in respect of such Shares unless the OUE Offer turns unconditional.
- (b) Mr Timothy Chia Chee Ming intends not to accept the OUE Offer in respect of the 15,187 Shares directly held by him unless the OUE Offer turns unconditional.
- (c) Mr Tan Chong Meng intends not to accept the OUE Offer in respect of the 30,000 Shares directly held by him unless the OUE Offer turns unconditional.
- (d) Mr Nicky Tan Ng Kuang intends not to accept the OUE Offer in respect of the 50,000 Shares directly held by him unless the OUE Offer turns unconditional.

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9. ADVICE AND RECOMMENDATIONS

9.1 General. Shareholders should read and carefully consider the recommendations of the Independent Directors and the advice of J.P. Morgan to the Independent Directors dated 20 December 2012 (“**J.P. Morgan Letter**”) before deciding whether to accept or reject the OUE Offer.

9.2 Excluded Director. SIC has confirmed that Mr Hirotake Kobayashi is exempted from the requirement to make a recommendation on the OUE Offer to Shareholders, in view of his position as a director of Kirin and the Kirin F&B Offer.

Mr Hirotake Kobayashi will still assume responsibility for the accuracy of facts stated or opinions expressed in documents or announcements issued by, or on behalf of, the Company in connection with the OUE Offer.

9.3 Independent Directors. Save for Mr Hirotake Kobayashi, all of the Directors consider themselves to be independent for the purposes of making a recommendation on the OUE Offer.

9.4 Advice of J.P. Morgan to the Independent Directors in respect of the OUE Offer. The Independent Directors have carefully considered the advice of J.P. Morgan to the Independent Directors in respect of the OUE Offer, which is set out on pages 112 to 115 of this Circular. J.P. Morgan’s advice to the Independent Directors in respect of the OUE Offer, as extracted from Section 11 of the J.P. Morgan Letter, is set out below and should be read in conjunction with, and in the context of, the full text of the J.P. Morgan Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the J.P. Morgan Letter.

“11. Advice to the Independent Directors

In arriving at our opinion to the Independent Directors, we have relied upon the following key considerations:

- a) The Shares have adequate liquidity. We therefore believe that the historical share prices of the Company provide a meaningful reference price against which to compare the OUE Offer Price. However, the liquidity of the Shares may be impacted following the close of the OUE Offer depending on, amongst other things, the number of Shares tendered into the OUE Offer and there is no assurance that the liquidity of the Shares will remain at current levels;*
- b) In the 12-month period prior to the Unaffected Share Price Date, the Shares have traded between S\$5.39 and S\$7.90 based on the daily closing price, i.e. where the OUE Offer Price represents a premium in a range of between 14.9% to 68.5% to these prices;*
- c) Following the Unaffected Share Price Date up to the IFA Reference Date, the Shares have traded between S\$7.60 and S\$9.45 based on the daily closing price, i.e. where the OUE Offer Price represents a range between a discount of (3.9)% to a premium of 19.5% to these prices;*
- d) Based on our comparison of the OUE Offer Price against the Company’s volume-weighted average prices over the various timeframes, we have assessed:*
 - i. The OUE Offer Price represents a premium of approximately 18.7%, 25.2%, 31.9%, 34.5% and 44.3% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods up to and including the Unaffected Share Price Date;*
 - ii. The OUE Offer Price represents a premium/(discount) of approximately (1.0)%, (0.4)%, 2.2%, 6.8% and 11.4% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods preceding the OUE Offer Announcement Date;*

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- iii. *The OUE Offer Price represents a premium of approximately 14.9% to the last transacted price of S\$7.90 on the Unaffected Share Price Date and represents a discount of approximately (0.5)% to the last transacted price of S\$9.13 one Market Day prior to the OUE Offer Announcement Date;*
 - iv. *The OUE Offer Price represents a discount of approximately (3.9)% to the closing price of the Shares of S\$9.45 as at the IFA Reference Date; and*
 - v. *The implied OUE Offer Price excluding the APBL and APIPL Proceeds would be S\$5.20 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date to the IFA Reference Date excluding the APBL and APIPL Proceeds would be S\$4.94 per Share. Therefore, the OUE Offer Price excluding the APBL and APIPL Proceeds represents a premium of approximately 5.3% during this period;*
- e) *The valuation multiples implied by the OUE Offer Price as compared with the historical trading levels of the Company are as follows:*
- i. *The OUE Offer Price represents a premium of approximately 22.1%, to the median of F&N's trailing 12 month EV/EBITDA multiple of 11.8x from the Unaffected Share Price Date;*
 - ii. *The OUE Offer Price represents a premium of approximately 58.4%, to the median of F&N's trailing 12 month P/E multiple of 17.5x from the Unaffected Share Price Date;*
 - iii. *The OUE Offer Price represents a premium of approximately 32.6%, to the median of F&N's trailing 12 month P/B multiple of 1.3x from the Unaffected Share Price Date;*
 - iv. *The OUE Offer Price represents a discount of approximately (16.8)% to the median of F&N's trailing 12 month EV/EBITDA multiple of 16.4x from the Unaffected Share Price Date to the IFA Reference Date;*
 - v. *The OUE Offer Price represents a premium of approximately 7.6% to the median of F&N's trailing 12 month P/E multiple of 25.7x from the Unaffected Share Price Date to the IFA Reference Date; and*
 - vi. *The OUE Offer Price represents a discount of approximately (0.1)% to the median of F&N's trailing 12 month P/B multiple of 1.7x from the Unaffected Share Price Date to the IFA Reference Date;*
- f) *The general offer premia resulting from the OUE Offer Price compared with the corresponding median offer premia of selected general offers in Singapore for acquisition targets across a number of industries for control since January 2007 are as follows:*
- i. *The general offer premia resulting from the OUE Offer Price compared to the share price as of the Unaffected Share Price Date is below the median of the 1-day, 1-month and 6-month offer premia of selected general offers in Singapore but above the 3-month offer premia of the abovementioned transactions;*
 - ii. *The general offer premia resulting from the OUE Offer Price compared to the share price preceding the OUE Offer Announcement Date is below the median of the 1-day, 1-month, 3-month and 6-month offer premia of selected general offers in Singapore;*

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- g) *Based on certain research reports by stock brokers in relation to the Shares and/or the OUE Offer, we note the following:*
 - i. *The OUE Offer Price represents a premium of 22.7% to the average price target estimates by brokers as of the Unaffected Share Price Date;*
 - ii. *The OUE Offer Price represents a discount of (3.9)% to the average price target estimates by brokers as of the OUE Offer Announcement Date; and*
 - iii. *The OUE Offer Price represents a discount of (3.8)% to the average price target estimates by brokers as of the IFA Reference Date; and*
- h) *We note that the OUE Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share of S\$8.58 to S\$11.56:*
 - i. *We also note that the implied OUE Offer Price excluding the APBL and APIPL Proceeds falls within the range of the estimated sum-of-the-parts valuation of each Share excluding the APBL and APIPL Proceeds.*

*On the basis of and subject to the foregoing, it is our opinion that, as of the IFA Reference Date, the OUE Offer Price is **not compelling but fair**, from a financial point of view.*

The Independent Directors should note that a discount may be applied on the sum-of-the-parts valuation of a conglomerate such as the F&N Group for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently. In arriving at the sum-of-the-parts valuation of the F&N Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, inter alia, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.

For the purposes of providing this letter and our evaluation of the OUE Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company or the F&N Group. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company. We are therefore not expressing any opinion herein as to the price at which the Shares may trade whether or not the OUE Offer is declared unconditional in all respects or on the future financial performance of the Company.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances and we neither assume any responsibility for, nor hold ourselves out as advisers to any Shareholder or other person other than the Independent Directors.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters including potential synergies that may arise out of the OUE Offer. Our opinion also does not incorporate an assessment of the price at which Shares may trade following the success or failure of the OUE Offer or any alternative offers that may be made for the Company and its assets. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the OUE Offer.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

The Independent Directors may wish to consider advising Shareholders who:

- i. Wish to realise their investments in the Company at this time but are unable to sell their Shares in the open market at a price (after deducting related expenses) higher than the OUE Offer Price; and/or*
- ii. Believe that the current market price of the Shares may decrease; and/or*
- iii. Believe that a higher competing offer will not be made; and/or*
- iv. Are uncertain of the longer term performance and prospects of the Company, either on a status quo basis or under the stewardship of the Offeror and its concert parties,*

that such Shareholders may wish to consider selling all or a portion of their Shares in the open market or tendering Shares in acceptance of the OUE Offer. If the Independent Directors make a recommendation to Shareholders to tender Shares in acceptance of the OUE Offer, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that the OUE Offer will become unconditional in all respects, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the OUE Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

The Independent Directors may wish to consider advising Shareholders who:

- i. Do not currently wish to realise their investments in the Company; and/or*
- ii. Believe that the current market price of the Shares may increase; and/or*
- iii. Believe that a higher competing offer may be made; and/or*
- iv. Hold a favourable view and are confident of the Company's prospects, either on a status quo basis or under the stewardship of the Offeror and its concert parties, and believe that they will be able to realise greater value from continuing to own their Shares,*

that such Shareholders may wish to consider retaining all or a portion of their Shares. If the Independent Directors make a recommendation to Shareholders to retain their Shares, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that following the close of the OUE Offer, the Company will meet the minimum public float required under the Listing Manual, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the OUE Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

As the ESOS Options and the Share Awards are not freely transferable by the holders thereof, the Offeror has stated in sections 2.5 and 2.6 of the OUE Offer Document that it will not make an offer to acquire the ESOS Options and/or the Share Awards.

*However, as the OUE Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, vesting or release of the ESOS Options or Share Awards (collectively, "**Options**") on or prior to the OUE Offer Closing Date, the Independent Directors may wish to consider providing the same advice to the holders of such Options in respect of any Option held by them, and also highlighting the matters set forth in the relevant Section of this letter."*

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- 9.5 J.P. Morgan's Opinion on the Kirin F&B Offer.** J.P. Morgan's advice to the Independent Directors in respect of the OUE Offer, as extracted from Section 9.10.2(D) of the J.P. Morgan Letter, is set out below and should be read in conjunction with, and in the context of, the full text of the J.P. Morgan Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the J.P. Morgan Letter.

“(D) Irrevocable Undertakings and Agreements between OUE Baytown and Kirin

We note that OUE Baytown and Kirin have executed irrevocable undertakings and agreements as disclosed in section 6 of the OUE Offer Document. The full text of such undertakings and agreements with Kirin has been extracted from the OUE Offer Document and set out in Section 4 of this letter.

Further to Condition (iii) in section 6.2(a) of the OUE Offer Document we have provided a valuation analysis of the Kirin F&B Offer Price. Please refer to Chart 12 in Section 9.10.2 of this letter for a summary of the sum-of-the-parts valuation analysis for the F&B Business. Please also refer to Section 9.10.2(A) – (C) of this letter for a detailed description of the F&B Business sum-of-the-parts valuation analysis.

We note that the Kirin F&B Offer Price falls within the range of the estimated sum-of-the-parts valuation for the F&B Business of S\$1,877 million and S\$3,820 million.

We note that the Kirin F&B Offer shall take effect and be capable of acceptance by the Company only upon the OUE Offer becoming or being declared unconditional in all respects. We also note that a Higher Competing F&B Offer (as defined in section 6.2(a)(iv) of the OUE Offer Document) may be made during the Relevant Period (as defined in section 6.2(a)(iv) of the OUE Offer Document) and that the Offeror shall vote its F&N Shares in favour of the Higher Competing F&B Offer if the consideration for the Higher Competing F&B Offer is higher than the Kirin F&B Offer Price and the terms and conditions of which are no more onerous than that offered by Kirin and if Kirin does not provide a higher Kirin F&B Offer.

We note that we have not been requested to and were not authorised to and did not solicit any expressions of interest from any other parties in the context of a competitive auction process or otherwise, with respect to the sale of all or any part of the F&B Business or any other alternative transaction. We do not comment on the merits and/or risks of the Kirin F&B Offer, nor do we evaluate and/or comment on the strategic or commercial merits and/or risks of the Kirin F&B Offer, or on the prospects of the Company, or the F&N Group or the F&B Business. We do not assume any responsibility to address the relative merits and/or risks of the Kirin F&B Offer as compared to any other alternative transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We also did not participate in negotiations with respect to the terms of the Kirin F&B Offer and related transactions. We are the financial advisers only and, accordingly, our advice on the Kirin F&B Offer is based solely upon our evaluation, from a financial point of view, of the Kirin F&B Offer Price offered for the F&B Business of the F&N Group, but not any other terms of the Kirin F&B Offer. For the purpose of our evaluation of the Kirin F&B Offer, we have assumed, inter alia, that any acquisition of the F&B Business pursuant to the Kirin F&B Offer will be capable of being consummated as a whole such that the Kirin F&B Offer Price will be received by the Company in its entirety in a timely manner. In particular, but without limitation, we further assume that in any acquisition of the F&B Business pursuant to the Kirin F&B Offer, there are no (and will not be, at any relevant time) circumstances prevailing (including but not limited to conditions that are incapable of being satisfied or waived) which could prejudice the Company's receipt of the Kirin F&B Offer Price in full and in a timely manner.

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We do not assume any responsibility to advise, and nothing in this letter shall be construed as advice to, any person (other than the Independent Directors) in relation to the Kirin F&B Offer or the F&B Business, including but not limited to any decision that any person may take in relation to any transaction involving the Kirin F&B Offer or the F&B Business, or any extraordinary general meeting of the Company that may be convened to consider such transaction, or any chain offer for any subsidiary or associated company of the Company. In particular, but without prejudice to the generality of the foregoing, we express no opinion as to the fairness of the Kirin F&B Offer to the holders of any class of securities, creditors or other constituencies and stakeholders of the Company or as to any decision by the Company to engage in the Kirin F&B Offer.

Any opinion addressed to the Independent Directors in relation to the Kirin F&B Offer or the Kirin F&B Offer Price is solely for the purpose of their consideration of the OUE Offer and may not be relied upon for any other purpose.

The Independent Directors should note that economic, market and other conditions may change after the IFA Reference Date and that developments after the IFA Reference Date may affect our opinion and the contents of this letter and that we do not have any obligation to update, revise or reaffirm the contents of this letter. In particular, but without prejudice to the generality of the foregoing, we do not assume any responsibility to advise the Independent Directors, and express no opinion on, any decision they may take in the future in relation to any transaction involving the Kirin F&B Offer or the F&B Business. The Independent Directors should seek separate advice if the Company proposes to undertake any such future transaction.

*On the basis of and subject to the foregoing, it is our opinion that, as of the IFA Reference Date, the Kirin F&B Offer Price is **fair**, from a financial point of view.*

The F&B Business comprises four separate businesses of which Vinamilk, F&NHB and MBL are not wholly owned entities. In arriving at the sum-of-the- parts valuation of the F&B Business above, we have not applied any discount to the independent valuations of each of the F&B businesses comprising the F&B Business as the quantification of such discount is highly subjective. Realisation of such sum-of-the- parts valuation could be impacted by, amongst other things (but not limited to), the quality of the underlying businesses, scarcity value of the assets, prevalent market conditions and future prospects of the businesses. We have not provided any opinion with regard to the aforementioned factors which could impact the value of the F&B Business.

For the purposes of providing this letter and our evaluation of the Kirin F&B Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company, the F&B Business or the F&N Group. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company, the F&N Group or the F&B Business, or any part or division thereof. We are therefore not expressing any opinion herein as to the future value of the F&B Business whether or not the OUE Offer is declared unconditional in all respects or on the future financial performance of the Company, the F&B Business or the F&N Group, or any part or division thereof.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances and we neither assume any responsibility for, nor hold ourselves out as advisers to, any Shareholder or other person other than the Independent Directors.

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Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters including potential synergies that may arise out of the Kirin F&B Offer. Our opinion also does not incorporate an assessment of the value of the F&B Business following the success or failure of the OUE Offer or any alternative offers that may be made for the F&B Business and its assets. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the Kirin F&B Offer.”

- 9.6 Recommendation of the Independent Directors on the OUE Offer.** The Independent Directors, having carefully considered the terms of the OUE Offer and the advice given by J.P. Morgan to the Independent Directors in the J.P. Morgan Letter, share J.P. Morgan’s view that the OUE Offer Price is **not compelling, though fair**.

The Independent Directors wish to highlight the following for Shareholders’ attention:

- (a) The range of the estimated sum-of-the-parts valuation of each Share by J.P. Morgan (as set out in Section 9.10 of the J.P. Morgan Letter)³ is between S\$8.58 and S\$11.56. As such, while the OUE Offer Price at S\$9.08 falls within the range of such valuation, it lies at the low end of the range.

This valuation range has been revised upwards from the previous range of S\$8.30 and S\$11.22, as set out in Section 8.10 of the J.P. Morgan Letter in the TCC Offeree Circular.

- (b) The figure of S\$8.58 at the bottom end of J.P. Morgan’s valuation range comprises certain valuations for the individual parts of the F&N Group which, in the opinion of the Independent Directors, present in aggregate a conservative view on the value of the F&N Group. The Independent Directors especially note, *inter alia*⁴, that:

- (i) The bottom end of the F&N Group’s property business valuation is approximately S\$4,645 million, which is based on the median P/B multiple of listed comparable companies as described in Section 9.10.1 Properties under “(iii) *Valuation ratios of listed comparable companies*” of the J.P. Morgan Letter. This values the F&N Group’s development and investment properties at approximately S\$2,927 million, an approximately 44% discount to the RNAV of approximately S\$5,235 million⁵. Shareholders should note that the median discount to RNAV implied by the share prices of the selected Property Companies trading comparables, as shown in Chart 10 of the J.P. Morgan Letter, is 26% (or a P/RNAV ratio of 0.74).

³ Shareholders should read Section 9.10 (*Sum-of-the-parts valuation*) of the J.P. Morgan Letter in its entirety and in particular, note all of the considerations associated with a “sum-of-the-parts” valuation analysis.

⁴ Other valuations of the F&N Group’s individual parts by J.P. Morgan which the Independent Directors have taken note of are as follows:

- (i) The F&N Group’s 9.5% stake in Vietnam Dairy Products Joint Stock Company is valued at approximately S\$247 million, based on its 52-week trading low price of VND79,500 per share, which is at an approximately 39% discount to the market price as of the IFA Reference Date.
- (ii) The F&B Singapore businesses are valued at approximately S\$48 million, which translates to approximately 2.6 times the post-tax royalty income received each year from its ice cream, soft drinks and dairies businesses.
- (iii) Times Publishing Limited is valued at approximately S\$225 million, which is at an approximately 23% discount to Times Publishing Limited’s book NAV of S\$292 million as at 30 September 2012.

⁵ Being the figure of S\$6,953 million after deducting i) the market values of the F&N Group’s holdings in Frasers Centrepoint Trust, Frasers Commercial Trust and the F&N Group’s holdings of convertible perpetual preferred units in Frasers Commercial Trust of S\$671 million, S\$220 million and S\$158 million respectively, and ii) the value of Frasers Centrepoint Limited’s asset management business of S\$669 million (J.P. Morgan’s implied valuation for the asset management business based on the median last twelve months’ price-to-earnings ratio of asset management trading comparables).

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- (ii) The F&N Group's 55.0% stake in Myanmar Brewery Limited ("MBL") is valued at approximately S\$217 million, which is equivalent to approximately 7.6 times the attributable profit (before exceptional items) for the financial year ended 30 September 2012. The Independent Directors believe that MBL is a unique asset, with a leadership position in the Myanmar beer market, at a time when Myanmar is attracting foreign investor interest with the recent positive political and economic developments in the country. Shareholders should also note that the median last twelve months' price-to-earnings ratio of the selected Asia breweries trading comparables, as shown in Chart 18 of the J.P. Morgan Letter, is 23.0 times.
- (c) Based on the advice of J.P. Morgan as set out in the J.P. Morgan Letter, the Independent Directors note that the OUE Offer Price (i) reflects a premium over the volume-weighted average price of the Shares over various reference periods in the J.P. Morgan Letter; and (ii) represents a premium to the valuation multiples implied by the OUE Offer Price relative to the historical trading levels of the Company.

However, the Independent Directors also note that such historical prices may not fully reflect the cash proceeds received by the Company pursuant to the APB Sale of S\$5.591 billion in aggregate or S\$3.88 per Share.

The Independent Directors further note that:

- (i) the OUE Offer Price is below the last transacted share price of S\$9.13 on the Market Day prior to the OUE Offer Announcement Date; and
- (ii) since the OUE Offer Announcement Date to the Latest Practicable Date, the Shares have been trading on the market at daily volume-weighted average prices of between S\$9.19 and S\$9.51, which are above the OUE Offer Price.
- (d) As set out in the OUE Offer Document, save for the Kirin Acceptance Undertaking, neither OUE Baytown nor any party acting in concert with it has received any irrevocable undertaking from any other party to accept or reject the OUE Offer. Accordingly, as at the Latest Practicable Date, there is no assurance that the OUE Offer will become unconditional in all respects.
- (e) The Independent Directors who hold Shares intend not to accept the OUE Offer in respect of their own direct holdings in the Shares unless the OUE Offer turns unconditional.

The Independent Directors urge Shareholders not to take any action in relation to the OUE Offer until after Shareholders have carefully considered the recommendations of the Independent Directors, the advice of J.P. Morgan to the Independent Directors as set out in the J.P. Morgan Letter, the intentions of OUE Baytown and the intentions of the Independent Directors in relation to their own direct holdings in the Shares as set out in this Circular. Shareholders are reminded that there is a competing offer for the Shares from TCC Assets and Shareholders should monitor the developments of both the TCC Offer and the OUE Offer.

Shareholders who, after taking the above into consideration:

- (i) wish to realise their investments in the Company at this time but are unable to sell their Shares in the open market at a price (after deducting related expenses) higher than the OUE Offer Price; and/or
- (ii) believe that the current market price of the Shares may decrease; and/or
- (iii) believe that a higher competing offer will not be made; and/or
- (iv) are uncertain of the longer term performance and prospects of the Company, either on a status quo basis or under the stewardship of OUE Baytown and its concert parties,

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

may wish to consider selling all or a portion of their Shares in the open market or tendering Shares in acceptance of the OUE Offer.

Shareholders who, after taking the above into consideration:

- (i) do not currently wish to realise their investments in the Company; and/or
- (ii) believe that the current market price of the Shares may increase; and/or
- (iii) believe that a higher competing offer may be made; and/or
- (iv) hold a favourable view and are confident of the Company's prospects, either on a status quo basis or under the stewardship of OUE Baytown and its concert parties, and believe that they will be able to realise greater value from continuing to own their Shares,

may wish to consider retaining all or a portion of their Shares.

Shareholders who wish to retain their Shares regardless of whether the OUE Offer turns unconditional in all respects should take note of the following:

- (i) While OUE Baytown has stated in the OUE Offer Document that, *inter alia*, it views the Company's property portfolio as complementary to OUE's existing property portfolio and the OUE Offer Document has disclosed the possible sale of the F&B Business pursuant to the Kirin F&B Offer Undertaking and the Offeror Voting Undertaking, OUE Baytown has not indicated any firm intentions on the future directions of the Company. In addition, as at the Latest Practicable Date, there is also no clarity on OUE Baytown's intentions with regard to the S\$5.591 billion proceeds from the APB Sale. Shareholders should take these into account when considering the longer term performance and prospects of the Company, either on a standalone basis or under the stewardship of OUE Baytown.
- (ii) If the OUE Offer should turn unconditional, there is no certainty that following the close of the OUE Offer, the Company will meet the minimum public float required under the Listing Manual.
- (iii) By retaining their Shares, Shareholders will be subject to the general risks associated with share investments, including but not limited to fluctuations in the price and trading liquidity of the Shares. In addition, the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

Shareholders should note that in the event the OUE Offer closes or lapses, the trading volume and market price of the Shares as at the Latest Practicable Date may not be sustained. As the trading of the Shares is subject to market fluctuations, the Independent Directors' recommendations do not and cannot take into account any future transactions or price levels of the Shares.

In rendering the above recommendations, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax status or position, or particular needs and constraints or other particular circumstances of any individual Shareholder.

As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his specific individual circumstances should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

The Independent Directors do not express any view or make any recommendation on, the Kirin F&B Offer.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the OUE Offer must do so not later than **5.30 p.m. on 3 January 2013**, or such later date(s) as may be announced from time to time by or for and on behalf of OUE Baytown. Shareholders who wish to accept the OUE Offer should refer to Appendix 2 to the OUE Offer Document which sets out the procedures for acceptance of the OUE Offer.

Shareholders who have tendered their OUE Offer Shares in acceptance of the TCC Offer and who wish to accept the OUE Offer instead must first withdraw their acceptances of the TCC Offer pursuant to Rule 29 of the Code before tendering their acceptances of the OUE Offer. Further details on the withdrawal of acceptances of the TCC Offer are set out in Sections 1.4 and 2.2 of Appendix 2 to the OUE Offer Document and Section 3 of Appendix IV to the TCC Offer Document.

Shareholders who do not wish to accept the OUE Offer need not take any further action in respect of the OUE Offer Document (including the OUE FAA and/or OUE FAT) which has been sent to them.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular), collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than the J.P. Morgan Letter), and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the OUE Offer and the F&N Group, and the Directors are not aware of any fact the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including information extracted from the OUE Offer Document and the J.P. Morgan Letter), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully,
For and on behalf of the Board of Directors
FRASER AND NEAVE, LIMITED

Mr Lee Hsien Yang
Chairman

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

20 December 2012

To: The Independent Directors (as defined below)
Fraser and Neave, Limited
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Dear Sir/Madam:

Voluntary conditional cash offer by Credit Suisse (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd., and CIMB Bank Berhad, Singapore Branch collectively (the “OUE Baytown’s Financial Advisers”) for and on behalf of OUE Baytown Pte. Ltd. (the “Offeror”), to acquire all the ordinary shares in the capital of Fraser and Neave, Limited (the “Offeree” or “Company” or “F&N”) other than those held by the Company as treasury shares and those already owned, controlled or agreed to be acquired, by the Offeror as at the date of the offer (the “OUE Offer”).

1. Introduction

J.P. Morgan (S.E.A.) Limited (“**JPMSEAL**”) refers to the announcements by OUE Baytown’s Financial Advisers for and on behalf of the Offeror dated 15 November 2012 (the “**OUE Offer Announcement Date**”) as well as the OUE Offer Document dated 6 December 2012 (the “**OUE Offer Document**”) in relation to the OUE Offer.

As announced by the Offeree in an announcement dated 12 December 2012, JPMSEAL has been appointed as the independent financial adviser to advise the directors of the Company who are considered independent for the purposes of making the recommendation to Shareholders in respect of the OUE Offer and the TCC Offer, namely, Mr Lee Hsien Yang, Mr Timothy Chia Chee Ming, Ms Maria Mercedes Corrales, Mr Ho Tian Yee, Mr Koh Beng Seng, Dr Seek Ngee Huat, Mr Tan Chong Meng and Mr Nicky Tan Ng Kuang (the “**Independent Directors**”).

This letter sets out our evaluation of the OUE Offer Price, from a financial perspective, for inclusion in the circular (the “**Circular**”) to be sent to Shareholders in connection with the OUE Offer. Unless otherwise defined in this letter or where the context otherwise requires, all terms defined in the Circular shall have the same meaning when used in this letter.

2. Terms of reference

In the course of our evaluation of the OUE Offer Price and the Kirin F&B Offer Price (as defined in this Section 2 of this letter below), from a financial point of view, we have, amongst other things:

- Reviewed certain publicly available business and financial information concerning the F&N Group and the industries in which it operates as well as certain information provided, and representations made, to us by the Directors, senior executives, professional advisers and other authorised representatives of the Company;
- Compared the proposed financial terms of the OUE Offer and the Kirin F&B Offer with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration received for such companies;
- Compared the financial and operating performance of the Company and the F&B Business with publicly available information concerning certain other companies we deemed relevant;
- Participated in discussions with certain members of the management of the Company with respect to certain aspects of the OUE Offer and the Kirin F&B Offer, and the past and current business operations and financial condition of the Company, and certain other matters we believed necessary or appropriate to our inquiry;

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- Reviewed and relied on certain internal financial analyses prepared by or at the direction of the management of the Company relating to its business operations;
- Participated in discussions with representatives of the Company and its legal advisers with respect to the OUE Offer and the Kirin F&B Offer;
- Reviewed the reported prices, trading multiples and trading activity for the Shares and the shares of those publicly listed businesses in the property, food and beverage and printing and publishing sectors;
- Reviewed the OUE Offer Document and the Circular; and
- Performed such other financial studies and analyses and considered such other information as we deemed appropriate for the purposes of this letter.

We have relied upon and assumed, *inter alia*, the accuracy, adequacy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified any such information or its accuracy or completeness or adequacy. We do not represent or warrant, expressly or impliedly, and do not accept or assume any responsibility for, the accuracy, completeness or adequacy of such information. We have not conducted any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Company, the F&N Group, the Offeror or the Offeror group of companies (and parties acting in concert with them), Kirin or any other relevant party to the OUE Offer (including but not limited to any competing offerors) under any applicable laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses provided to us or derived therefrom, we have assumed, *inter alia*, that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the financial condition of the Company to which such analyses relate. We express no view as to such analyses or the assumptions on which they were based. We are not legal, regulatory or tax experts. We are the financial advisers only and have relied on, without independent verification, the assessments made by advisors to the Company with respect to such issues. In addition, we have assumed that, *inter alia*, the OUE Offer will be consummated in accordance with the terms set forth in the OUE Offer Document without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the OUE Offer. We have further assumed, *inter alia*, that all material governmental, regulatory or other consents and approvals necessary for the consummation of the OUE Offer will be obtained and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on the Company or on the contemplated benefits of the OUE Offer.

This letter is based on economic, market and other conditions as in effect on, and the information made available to us as of 10 December 2012 (the “**IFA Reference Date**”) save for information relating to the share capital of the Company and the number of ESOS Options granted under the Scheme (which information has been provided to us as of the Latest Practicable Date). Developments after the IFA Reference Date may affect the contents of this letter and we do not have any obligation to update, revise, or reaffirm the contents of this letter. Our opinion is limited to the fairness, from a financial point of view, of the OUE Offer Price and the Kirin F&B Offer Price. We express no opinion as to the fairness of the OUE Offer Price to, or any consideration received in connection therewith by, the holders of any class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the OUE Offer. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the OUE Offer, or any class of such persons relative to the OUE Offer Price to be received by the holders of the Shares in the OUE Offer or with respect to the fairness of any such compensation.

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We do not assume any responsibility to advise, and nothing in this letter shall be construed as advice to, any person (other than the Independent Directors) in relation to the Kirin F&B Offer or the F&B Business, including but not limited to any decision that any person may take in relation to any transaction involving the Kirin F&B Offer or the F&B Business. In particular, but without prejudice to the generality of the foregoing, we express no opinion as to the fairness of the Kirin F&B Offer to the holders of any class of securities, creditors or other constituencies and stakeholders of the Company or as to any decision by the Company to engage in the Kirin F&B Offer.

Any opinion addressed to the Independent Directors in relation to the Kirin F&B Offer is solely for the purpose of their consideration of the OUE Offer and may not be relied upon for any other purpose. In particular, but without prejudice to the generality of the foregoing, we do not assume any responsibility to advise the Independent Directors, and express no opinion on, any decision they may take in the future in relation to any transaction involving the Kirin F&B Offer or the F&B Business. The Independent Directors should seek separate advice if the Company proposes to undertake any such future transaction.

We are the financial advisers only and, accordingly, our advice on the Kirin F&B Offer is based solely upon our evaluation, from a financial point of view, of the price of S\$2.7 billion (the “**Kirin F&B Offer Price**”) offered for the F&B Business of the F&N Group, but not any other terms of the Kirin F&B Offer. For the purpose of our evaluation of the Kirin F&B Offer, we have assumed, *inter alia*, that any acquisition of the F&B Business pursuant to the Kirin F&B Offer will be capable of being consummated as a whole such that the Kirin F&B Offer Price will be received by the Company in its entirety in a timely manner. In particular, but without limitation, we further assume that in any acquisition of the F&B Business pursuant to the Kirin F&B Offer, there are no (and will not be, at any relevant time) circumstances prevailing (including but not limited to conditions that are incapable of being satisfied or waived) which could prejudice the Company’s receipt of the Kirin F&B Offer Price in full in a timely manner.

In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the OUE Offer Price or the Kirin F&B Offer Price, or any other aspects of the OUE Offer or the Kirin F&B Offer, or to provide services other than the delivery of this letter. We have not been requested to and were not authorised to and did not solicit any expressions of interest from any other parties with respect to the Shares or the sale of all or any part of the Company (including, without limitation, the F&B Business) or any other alternative transaction. We do not comment on the merits and/or risks of the OUE Offer or the Kirin F&B Offer, nor do we evaluate and/or comment on the strategic or commercial merits and/or risks of the OUE Offer or the Kirin F&B Offer, or on the prospects of the Company, or the F&N Group or the F&B Business. We do not assume any responsibility to address the relative merits and/or risks of the OUE Offer or the Kirin F&B Offer as compared to any other alternative transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We also did not participate in negotiations with respect to the terms of the OUE Offer, the Kirin F&B Offer and related transactions.

The Directors have confirmed to us that, to the best of their knowledge and belief, all material information in connection with the Company, the F&N Group, the F&B Business, the OUE Offer, the Kirin F&B Offer and the Circular has been disclosed to us, that such information is true, complete and accurate in all material respects and that there are no omissions which may cause any information given to us to be incomplete, inaccurate or misleading. The Directors have jointly and severally accepted the responsibility for the accuracy and completeness of such information. We have relied upon such confirmation by the Directors and the accuracy and completeness of all information given to us and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, expressly or impliedly, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information.

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We have relied upon the assurances of the Directors that the Circular has been approved by the Directors (including those who may have delegated detailed supervision of the Circular) who accept full responsibility for the accuracy of the information given in the Circular (other than this letter from JPMSEAL) and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the OUE Offer, the Kirin F&B Offer, the Company, the F&N Group and the F&B Business and the Directors are not aware of any fact the omission of which would make any statement in the Circular misleading. For the purposes of providing this letter and our evaluation of the OUE Offer Price and the Kirin F&B Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company, the F&N Group or the F&B Business, or any part or division of any of the foregoing. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company, the F&N Group or the F&B Business, or any part or division of any of the foregoing. We are therefore not expressing any opinion herein as to the price at which the Shares may trade whether or not the OUE Offer is declared unconditional or on the future financial performance of the Company, the F&N Group, the F&B Business or any part or division of any of the foregoing.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances of any Shareholder and do not assume any responsibility for, nor hold ourselves out as advisers to, any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, the Independent Directors may wish to advise any Shareholder who may require specific advice in relation to his investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not and will not provide any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this letter from JPMSEAL and Section 5.1(d) of Appendix I to the Circular). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (except for this letter and Section 5.1(d) of Appendix I to the Circular).

We will receive a fee from the Company for the delivery of this letter. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. In the ordinary course of our trading, brokerage, asset management and financing activities, we and our affiliates have actively traded, and may continue to actively trade, the debt or equity securities or senior loans of certain companies within the F&N Group or certain companies within the Offeror group of companies (and parties acting in concert with them), Kirin or any other company that may be involved in the OUE Offer, for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities. JPMSEAL and its affiliates may also seek to provide services to the Company, the Offeror (and parties acting in concert with each of the Company and the Offeror) and Kirin in the future and expect to receive fees for rendering such services.

The issuance of this letter has been approved by a committee of JPMSEAL in accordance with our customary practice. This letter is provided to the Independent Directors solely for their information in connection with the OUE Offer. This letter is not addressed to and may not be relied upon by any third party including, without limitation, Shareholders, holders of options or awards issued by the Company, employees or creditors of the Company. This letter does not constitute a recommendation to any Shareholder as to whether such Shareholder should accept or reject the OUE Offer, the Kirin F&B Offer or any other matter. Whilst a copy of this letter and parts thereof may be reproduced in the Circular, no person may use, reproduce, disseminate, refer to, or quote this letter (or any part thereof) for any purpose whatsoever except with our prior written approval.

Our opinion in relation to the OUE Offer Price and the Kirin F&B Offer Price should be considered in the context of the entirety of this letter.

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3. Terms and conditions of the OUE Offer

Shareholders should by now have received a copy of the OUE Offer Document which, amongst other things, sets out the terms and conditions of the OUE Offer in sections 2 and 3 and Appendix 1 of the OUE Offer Document. The principal terms of the OUE Offer, as extracted from the OUE Offer Document, are set out below.

OUE Offer Price

For each Share: S\$9.08 in cash (the “**OUE Offer Price**”).

Offer conditional

The Offeror is making a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company other than those Shares held by the Company as treasury shares and those Shares owned, controlled or agreed to be acquired, by the Offeror as at the date of the OUE Offer.

The Shares are to be acquired (a) fully paid, (b) free from any liens, equities, mortgages, debentures, charges, pledges, title-retention, encumbrances, security interest, option, rights of pre-emption and any other third party rights or interests of any nature whatsoever (the “**Encumbrances**”), and (c) together with all rights, benefits and entitlements attached thereto as at the OUE Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, other distributions and return of capital declared, paid or made by the Company on or after the OUE Offer Announcement Date. If any dividend, right, other distribution or return of capital is declared, paid or made by the Company on or after the OUE Offer Announcement Date to a Shareholder who accepts or has accepted the OUE Offer, the Offeror reserves the right to reduce the OUE Offer Price payable to such accepting Shareholder by the amount of such dividend, right, other distribution or return of capital.

In the OUE Offer Document, it was stated that the OUE Offer will be subject to the Offeror having received, by the close of the OUE Offer, valid acceptances (which have not been withdrawn) in respect of such number of OUE Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the OUE Offer and pursuant to the OUE Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of the Shares carrying more than 50% of the total voting rights attributable to the Shares as at the close of the OUE Offer (the “**Minimum Acceptance Condition**”).

Accordingly, the OUE Offer will not become or be capable of being declared unconditional as to acceptances until the close of the OUE Offer, unless at any time prior to the close of the OUE Offer, the Offeror has received valid acceptances in respect of such number of OUE Offer Shares which, when taken together with the number of Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the OUE Offer and pursuant to the OUE Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the “**maximum potential issued share capital of the Company**” means the total number of Shares which would be in issue had all the ESOS Options and Share Awards been validly exercised, vested or released (as the case may be) as at the date of such declaration.

ESOS Options and Share Awards

Under the rules of the F&N Executive Share Option Scheme (the “**Scheme**”), the ESOS Options are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the ESOS Options. However, as stated in the OUE Offer Document, the OUE Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise on or prior to the close of the OUE Offer of any such ESOS Options.

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Under the rules of the Share Plans, the Share Awards are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Share Awards. However, as stated in the OUE Offer Document, the OUE Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any awards on or prior to the close of the OUE Offer of any such Share Awards.

Dividend Adjustments

The OUE Offer Price has been determined on the basis that the OUE Offer Shares will be acquired with the right to receive any dividends that may be declared, made or paid by the Company on or after the OUE Offer Announcement Date. **If any dividend, right, other distribution or return of capital is declared, paid or made by the Company on or after the OUE Offer Announcement Date to a Shareholder who accepts or has accepted the OUE Offer, the Offeror reserves the right to reduce the OUE Offer Price payable to such accepting Shareholder by the amount of such dividend, right, other distribution or return of capital.**

On 16 November 2012, the Board of Directors of F&N proposed a final tax exempt dividend of S\$0.12 per Share for the financial year ended 30 September 2012 (“**2012 Final Dividend**”). The 2012 Final Dividend is subject to the approval of Shareholders to be sought at the forthcoming annual general meeting of F&N to be held on 29 January 2013 (the “**F&N AGM**”). Subject to the approval of the Shareholders at the F&N AGM, the 2012 Final Dividend will be paid on 21 February 2013. The books closure date for determining the entitlement to the 2012 Final Dividend is 5 February 2013 (the “**Books Closure Date**”).

If the 2012 Final Dividend is approved at the F&N AGM, and assuming that the OUE Offer has not closed, been withdrawn or lapsed, the following shall apply:

- a) If an accepting Shareholder's OUE Offer Shares are transferred to the Securities Account of the Offeror or (in the case of scrip shareholders) the Offeror is reflected as the holder of such accepting Shareholder's OUE Offer Shares in the Register by the Books Closure Date, the Offeror will pay such accepting Shareholder the OUE Offer Price in cash for each OUE Offer Share (as the Offeror will receive the 2012 Final Dividend in respect of such OUE Offer Shares from the Company); and
- b) If an accepting Shareholder's OUE Offer Shares are transferred to the Securities Account of the Offeror or (in the case of scrip shareholders) the Offeror is reflected as the holder of such accepting Shareholder's OUE Offer Shares in the Register after the Books Closure Date, the amount of the 2012 Final Dividend in respect of such accepting Shareholder's OUE Offer Shares will be deducted from the OUE Offer Price payable for such OUE Offer Shares (as such accepting Shareholder, and not the Offeror, will receive the 2012 Final Dividend in respect of such OUE Offer Shares from the Company).

Notwithstanding sub-paragraph (a) above, the Offeror reserves the right to recover the amount of the 2012 Final Dividend from an accepting Shareholder if such accepting Shareholder shall still receive the 2012 Final Dividend despite the fact that such accepting Shareholder's OUE Offer Shares were transferred to the Securities Account of the Offeror or (in the case of scrip shareholders) the Offeror is reflected as the holder of such accepting Shareholder's OUE Offer Shares in the Register by Books Closure Date.

OUE Offer period

The OUE Offer will close at 5.30 p.m. on 3 January 2013 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Procedures for the acceptance

Procedures for acceptance of the OUE Offer are set out in Appendix 2 of the OUE Offer Document.

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4. Irrevocable Undertakings and Agreements with Kirin

- 4.1 Kirin Acceptance Undertaking.** As disclosed in the OUE Offer Document, Kirin gave an irrevocable undertaking to the Offeror to tender all the Kirin F&N Shares (as defined in the OUE Offer Document) in acceptance of the OUE Offer (the “**Kirin Acceptance Undertaking**”) on the terms stated in Section 6.1(a) of the OUE Offer Document. Section 6.1(a) of the OUE Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“(a) Kirin Acceptance Undertaking

Kirin has undertaken to the Offeror that it:

- (i) will tender all the Kirin F&N Shares in acceptance of the Offer, and will not withdraw its acceptance of the Offer; and*
- (ii) will not accept any competing proposal for the Kirin F&N Shares (“**Competing Proposal**”) and will vote all the Kirin F&N Shares against and reject any Competing Proposal,*

*(“**Kirin Acceptance Undertaking**”).*

The Kirin Acceptance Undertaking will lapse if, inter alia:

- (A) the Offer Announcement is not released as at the date of the Kirin Acceptance Undertaking;*
- (B) the Offer Document is not posted to Shareholders within 21 days of the release of the Offer Announcement (or such longer period as the SIC may approve);*
- (C) the Offer is withdrawn, lapses or fails to become or be declared unconditional in all respects for any reason (other than as a result of a breach by Kirin of its obligations under the Kirin Acceptance Undertaking); or*
- (D) any offer for all the F&N Shares (other than the Offer) becomes or is declared unconditional in all respects (other than as a result of a breach by Kirin of its obligations under the Kirin Acceptance Undertaking).*

*As the Offer Announcement was released as at the date of the Kirin Acceptance Undertaking and this Offer Document has been posted to Shareholders within 21 days of the release of the Offer Announcement, Conditions (A) and (B) set out in this **Section 6.1(a)** have been met.”*

- 4.2 Kirin F&B Offer Undertaking.** As disclosed in the OUE Offer Document, Kirin gave an undertaking to the Offeror to tender all the Kirin F&N Shares in acceptance of the OUE Offer (the “**Kirin Acceptance Undertaking**”). Section 6.1(b) of the OUE Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“(b) Kirin F&B Offer Undertaking

*Kirin has undertaken to the Offeror that it will make a binding cash offer to F&N to acquire the F&B Business of the F&N Group, at a price of S\$2.7 billion and on other terms preagreed between Kirin and the Offeror (the “**Kirin F&B Offer Undertaking**”), which terms are attached to the Kirin F&B Offer Undertaking (the “**Kirin F&B Offer**”). Such terms were negotiated on an arms-length basis by the Offeror in its capacity as a potential majority shareholder of F&N. The Offeror was informed that the Kirin F&B Offer has been made on the Offer Announcement Date but shall take effect and be capable of acceptance by F&N only upon the Offer becoming or being declared unconditional in all respects.*

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The Kirin F&B Offer Undertaking will lapse on the earliest to occur of the following:

- (i) the Offer Announcement is not released as at the date of the Kirin F&B Offer Undertaking;*
- (ii) the Offer Document is not posted to Shareholders within 21 days of the release of the Offer Announcement (or such longer period as the SIC may approve);*
- (iii) the Offer is withdrawn, lapses or fails to become or be declared unconditional in all respects for any reason;*
- (iv) the date on which F&N executes a definitive agreement to sell the F&B Business to a third party pursuant to a Higher Competing F&B Offer for the whole of the F&B Business being accepted by F&N under the terms of the Offeror Voting Undertaking; or*
- (v) an agreed long stop date (the “**Long Stop Date**”).*

*As the Offer Announcement was released as at the date of the Kirin F&B Offer Undertaking and this Offer Document has been posted to Shareholders within 21 days of the release of the Offer Announcement, Conditions (i) and (ii) set out in this **Section 6.1(b)** have been met.”*

4.3 Offeror Voting Undertaking. As disclosed in the OUE Offer Document, the Offeror gave an irrevocable undertaking to Kirin to vote its Shares in favour of the acquisition of the F&B Business pursuant to the Kirin F&B Offer (the “**Offeror Voting Undertaking**”) on the terms stated in Sections 6.2 and 6.3 of the OUE Offer Document. Sections 6.2 and 6.3 of the OUE Offer Document are reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“6.2 As at the Offer Announcement Date, the Offeror has provided the following irrevocable undertaking to Kirin:

(a) Offeror Voting Undertaking

*The Offeror has undertaken to Kirin that it will vote all the F&N Shares (the “**Offeror Voting Undertaking**”) to be held by the Offeror as at the date and time for determining whether any person is entitled to vote at the F&N EGM (which shall not be less than 50% plus 1 F&N Share of the total number of issued F&N Shares as at the close of the Offer), in favour of the F&B Acquisition and any other matter necessary or proposed to implement the F&B Acquisition (“**F&B Acquisition Resolutions**”) at the F&N EGM.*

*Under the terms of the Offeror Voting Undertaking, in the event that the F&N Board does not within an agreed timeframe execute a definitive agreement in relation to the F&B Acquisition (the “**Definitive Agreement**”), the Offeror will in its capacity as a Shareholder requisition an extraordinary general meeting for the purpose of considering and passing the F&B Acquisition Resolutions.*

The Offeror Voting Undertaking is subject to the following conditions being fulfilled or satisfied:

- (i) the Kirin F&B Offer being made by Kirin to F&N as at the Offer Announcement Date;*
- (ii) the Offer becoming or being declared unconditional in all respects in accordance with its terms;*

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- (iii) *the independent financial adviser to the F&N Board stating, in the offeree board circular to be issued in relation to the Offer, that in their opinion the terms of the Kirin F&B Offer are fair and reasonable. For the avoidance of doubt, where applicable, Kirin shall in its sole discretion be entitled but not obliged to revise the Kirin F&B Offer for the purpose of satisfying this Condition (iii); and*
- (iv) *there being no competing offer for the whole of the F&B Business, the consideration for which is higher than the Kirin F&B Offer and the terms and conditions of which are no more onerous than that offered by Kirin ("**Higher Competing F&B Offer**") being made by a competing F&B offeror to F&N which is capable of acceptance by F&N for not less than 14 days, within the period commencing on the date of the Offeror Voting Undertaking up to and including the date falling 60 days from the date of the Offer becoming or being declared unconditional in all respects ("**Relevant Period**"), or if there is such Higher Competing F&B Offer being so made, Kirin submitting a higher Kirin F&B Offer to F&N within 14 days of the date when F&N has notified Kirin of the receipt by F&N of such Higher Competing F&B Offer,*

provided that, in the event, (a) the Offeror holds, controls or has agreed to acquire 90% or more of the total number of issued ordinary shares in the capital of F&N as at the close of the Offer and (b) F&N is delisted from the SGX-ST, Condition (iv) shall not apply. Condition (iv) shall be considered by the parties as having been satisfied during the Relevant Period for so long as no Higher Competing F&B Offer is made by a competing F&B offeror but shall apply upon a Higher Competing F&B Offer being made by a competing F&B offeror during the Relevant Period.

The Offeror Voting Undertaking shall lapse on the earliest to occur of the following:

- (A) *the Kirin F&B Offer is not made to F&N as at the Offer Announcement Date;*
- (B) *the Definitive Agreement lapses or is terminated for any reason;*
- (C) *the date on which closing under the Definitive Agreement takes place; or*
- (D) *the Long Stop Date.*

*The Offeror has been informed by Kirin that the Kirin F&B Offer was made to F&N on the Offer Announcement Date. Accordingly, Condition (A) set out in this **Section 6.2(a)** has been met.*

- 6.3** *Under the terms of the Offeror Voting Undertaking, where a Higher Competing F&B Offer is made during the Relevant Period and Kirin does not submit a higher Kirin F&B Offer within 14 days, the Offeror shall vote its F&N Shares in favour of the Higher Competing F&B Offer. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, in the event that F&N completes the sale of the F&B Business to a competing F&B offeror, OUE and the Offeror will pay to Kirin in cash an amount representing the Offeror's portion of the premium represented by the aggregate purchase consideration paid by the competing F&B offeror over the consideration offered under the Kirin F&B Offer."*

5. Information on the Offeror

Information on the Offeror and parties acting in concert with the Offeror is set out in section 4 and Appendix 4 of the OUE Offer Document.

6. Rationale for the OUE Offer

The rationale for the OUE Offer is set out in section 9 of the OUE Offer Document.

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7. Listing status and compulsory acquisition

The full text of the Offeror's future plans for the Company and its intentions relating to the listing status and compulsory acquisition of the Company has been extracted from the OUE Offer Document and set out in italics below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“12.1 Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), the SGX-ST may suspend the trading of the F&N Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), thus causing the percentage of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the F&N Shares only at the close of the Offer.

Under Rule 724 of the Listing Manual, if the percentage of the F&N Shares held in public hands falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the F&N Shares. The SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the F&N Shares held in public hands to at least 10%, failing which the Company may be delisted.

12.2 Compulsory Acquisition under Section 215(1) of the Companies Act

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the F&N Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any F&N Shares held by the Company as treasury shares) (“**Compulsory Acquisition Acceptances Threshold**”), the Offeror would be entitled to exercise the right to compulsorily acquire all the F&N Shares of Shareholders who have not accepted the Offer (“**Non-Assenting Shareholders**”) at a price equal to the Offer Price (“**Compulsory Acquisition**”).

12.3 Offeror's Intentions The Offeror presently has no intention to exercise any such Compulsory Acquisition right under Section 215(1) of the Companies Act in the event that the Offeror receives acceptances pursuant to the Offer for not less than the Compulsory Acquisition Acceptances Threshold and it is the present intention of the Offeror to maintain the listing status of F&N on the SGX-ST. However, the Offeror reserves its right to reassess its position, particularly in the event that it receives acceptances pursuant to the Offer at or exceeding the Compulsory Acquisition Acceptances Threshold.

12.4 Non-Assenting Shareholders' Rights under Section 215(3) of the Companies Act

Non-Assenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their F&N Shares in the event that the Offeror, its related corporations, or their respective nominees acquire, pursuant to the Offer or otherwise, such number of F&N Shares which, together with the F&N Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued F&N Shares as at the close of the Offer. Non-Assenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.”

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8. Information on the Company

Information on the Company can be found in section 5 and Appendix 5 of the OUE Offer Document.

9. Financial evaluation of the OUE Offer

Introduction

9.1 Methodology

We have confined our evaluation to the financial terms of the OUE Offer Price. In evaluating the fairness of the OUE Offer Price, from a financial point of view, we have performed the following analyses based upon market, economic, industry, monetary and other conditions in effect on the IFA Reference Date, upon publicly available information and information made available to us by the Company as at the IFA Reference Date:

Liquidity analysis to assess whether the historical share price of the Company provides a meaningful reference point for comparison against the OUE Offer Price;

Historical share price analysis to assess how the OUE Offer Price compares to the historical share prices of the Company over different observation periods;

Historical multiple analysis to assess how the OUE Offer Price compares to the historical trading multiple of the Company over the last 12-month period immediately preceding and including 16 July 2012, being the date of the joint announcement by Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited of an offer to purchase their combined stakes in the Company and Asia Pacific Breweries Limited (the “**Unaffected Share Price Date**”);

Precedent general offer analysis to evaluate how the premium/(discount) implied by the OUE Offer Price compare to the premium/(discount) on selected general offers in Singapore;

Research broker estimates analysis to assess how the OUE Offer Price compares to research broker estimates for the Company; and

Sum-of-the-parts valuation to assess how the sum of the value of the individual but diversified business segments compares against the OUE Offer Price.

9.2 General bases and assumptions

The figures and underlying financial data used in our analyses in this section of this letter have been extracted from, amongst others, Bloomberg, FactSet, Dealogic, SGX-ST, the management information provided by the Company, the relevant Company affiliates’ financials and relevant public documents of those respective companies covered by those sources as at the IFA Reference Date. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information. We note that the generally accepted accounting principles (“GAAP”) used by the respective comparable companies may be different. The differences between Singapore GAAP used by the Company and the respective GAAP used by the comparable companies may therefore render comparisons between these companies less useful than if they all used the same GAAP. In addition, we point out that the comparable companies are not exactly identical to the Company in terms of location, business mix, scale, geographical spread and track record. Any conclusions drawn from comparisons made may therefore not necessarily reflect the possible market valuation for the Company.

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In the course of our analysis, we have relied on the basis that the share capital of the Company as of the Latest Practicable Date comprises 1,440,522,280 Shares excluding treasury shares. We have also relied on the basis that as of the Latest Practicable Date, there are 997,156 outstanding ESOS Options granted under the Scheme. For the purpose of our analysis, we have considered the fully diluted share capital comprising 1,441,519,436 Shares. This 1,441,519,436 Shares includes Shares to be issued assuming all the outstanding ESOS Options are exercised but excludes the Shares comprised in the outstanding Share Awards.

9.3 Valuation ratios

We have applied the following valuation ratios in our analysis:

Valuation ratio	General description
P/B	■ “P/B” (price-to-book) ratio illustrates the ratio of the market price of a company’s shares relative to its historical book NAV per share as recorded in its latest reported financial statements. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies
P/RNAV	■ “P/RNAV” or “price-to-Revalued Net Asset Value” ratio illustrates the ratio of the market price of a company’s shares relative to NAV figure derived from adjusting the value of a company’s key assets to their current market values, also referred to as “Revalued NAV”. Refer to Section 9.10.1(ii) “Revalued net asset value (“RNAV”) of properties segment” of this letter for more details on the basis and assumptions of RNANV analysis
P/E	■ “P/E” or “price-to-earnings” ratio illustrates the ratio of the market price of a company’s shares relative to its earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to revenues recognition, depreciation and intangible assets
EV/EBITDA	■ “EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. “EBITDA” stands for historical earnings before interest, tax, depreciation and amortization expenses, inclusive of share of associates’ and joint ventures’ income and excluding exceptional items. The EV/EBITDA ratio illustrates the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s capital structure
EV/Revenue	■ “EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. The EV/revenue ratio illustrates the market value of a company’s business relative to its historical revenue, without regard to the company’s capital structure

9.4 Liquidity analysis

Ordinarily, share prices may be affected by different factors including relative liquidity, free float and investor interest or market sentiment at a given point in time. In considering the OUE Offer Price relative to the Company’s historical share price, we have considered the relative liquidity of the Company in comparison with companies that make up the top 15 companies traded on the SGX-ST in Singapore based on market capitalisation, excluding the Company (the “**Top-15**”). This analysis is to check whether historical trading prices provide a meaningful reference point for comparison against the OUE Offer Price.

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Chart 1 – Liquidity analysis

Liquidity analysis of top 15 SGX-ST listed companies by market capitalisation ⁽¹⁾				
	Market cap (S\$mm)	Free float ⁽²⁾ (%)	12M ADTV/ free float ⁽⁴⁾ (%)	12M ADTV/ market cap ⁽⁵⁾
Singapore Telecommunications	53,570	47.8%	0.30%	0.14%
Jardine Matheson	49,190	36.7%	0.10%	0.03%
Jardine Strategic Holdings	49,137	17.9%	0.09%	0.02%
DBS Group Holdings	36,062	70.3%	0.24%	0.15%
OCBC Bank	32,860	80.4%	0.13%	0.10%
United Overseas Bank	30,589	92.1%	0.15%	0.13%
Wilmar International	20,211	36.2%	0.44%	0.20%
Hongkong Land Holdings	19,871	49.7%	0.17%	0.07%
Keppel Corporation	19,267	78.1%	0.31%	0.24%
Dairy Farm International	18,972	22.0%	0.04%	0.01%
Jardine Cycle & Carriage	16,996	22.1%	0.27%	0.06%
CapitaLand Ltd	15,813	59.8%	0.42%	0.20%
Genting Singapore	15,510	47.9%	0.74%	0.42%
APB Breweries	13,658	4.7%	2.81%	0.13%
Global Logistic Properties	12,749	29.9%	2.09%	0.16%
Mean	26,964	46.4%	0.55%	0.14%
Median	19,871	47.8%	0.27%	0.13%
Maximum	53,570	92.1%	2.81%	0.42%
Minimum	12,749	4.7%	0.04%	0.01%
F&N	13,607	50.2%⁽³⁾	0.67%	0.29%

Source: Bloomberg

Notes:

- (1) All figures as of the IFA Reference Date
- (2) Free float percentages are based on Bloomberg
- (3) Free float percentages are based on Shares outstanding as of Latest Practicable Date less stake owned by ThaiBev and Kirin
- (4) 12-month average daily trading volume leading up to the IFA Reference Date, divided by free float number of shares
- (5) 12-month average daily trading value leading up to the IFA Reference Date, divided by market capitalisation

We note that in the 12 months leading up to the IFA Reference Date, the Company's Average Daily Trading Volume to Free Float of 0.67% is within the range of the minimum and the maximum of the Average Daily Trading Volume to Free Float for the Top-15 companies for the same 12-month period leading up to the IFA Reference Date and above the mean and median of 0.55% and 0.27% respectively. The Company's Average Daily Trading Value to Market Capitalisation of 0.29% is within the range of the minimum and the maximum of the Average Daily Trading Value to Market Capitalisation for the Top-15 companies for the same 12-month period leading up to the IFA Reference Date and above the mean and median of 0.14% and 0.13% respectively. The analysis indicates that the Shares of the Company do not suffer from illiquid trading conditions.

We have also considered the market liquidity of the Shares for the 1-week, 1-month, 3-month, 6-month and 12-month periods leading up to the IFA Reference Date.

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Chart 2 – Historical trading volume

Historical trading volume					
Period up to the IFA Reference Date	VWAP (\$)	Total volume traded ('000s)	Avg. daily trading value ⁽³⁾ (\$'000)	Avg. daily trading volume ⁽⁴⁾ ('000)	Avg. daily trading volume/free float ⁽⁵⁾ (%)
12-month	8.28 ⁽¹⁾	1,215,143	40,109	4,841	0.67%
6-month	8.71 ⁽²⁾	1,011,208	69,338	7,962	1.10%
3-month	9.04 ⁽²⁾	389,918	55,073	6,092	0.84%
1-month	9.33 ⁽²⁾	79,431	37,073	3,972	0.55%
1-week	9.43 ⁽²⁾	15,576	24,475	2,596	0.36%
From the first Market Day following the Unaffected Share Price Date (16 July 2012)	8.83 ⁽²⁾	973,683	85,079	9,640	1.33%
From the first Market Day following the OUE Offer Announcement Date (15 November 2012) to the IFA Reference Date	9.38 ⁽²⁾	61,169	33,753	3,598	0.50%

Source: Bloomberg as of the IFA Reference Date

Notes:

- (1) Volume Weighted Average Price (“**VWAP**”) calculated as total daily trading value divided by total daily trading volume for the relevant period over the last 12 months leading up to the IFA Reference Date
- (2) Bloomberg VWAP
- (3) Average daily trading value for the relevant period up to the IFA Reference Date
- (4) Average daily trading volume for the relevant period up to the IFA Reference Date
- (5) Free float taken as Shares outstanding as at Latest Practicable Date less Shares owned by ThaiBev and Kirin, divided by total Shares outstanding as at the Latest Practicable Date

The analysis of historical trading volume of the Shares includes the period from the Unaffected Share Price Date to the IFA Reference Date. We note that announcements related to the offer by Heineken International B.V. (“**Heineken**”) for the acquisition of the direct and indirect interest in Asia Pacific Breweries Limited may have had an impact on the trading volume of the Shares during this period.

We also note that the analysis of historical trading volume of the Shares includes the period from 13 September 2012 (the “**TCC Offer Announcement Date**”) and 15 November 2012 (the “**OUE Offer Announcement Date**”) to the IFA Reference Date. We note that announcements related to the TCC Offer and the subsequent OUE Offer may have had an impact on the trading volume of the Shares during this period.

Our analysis of the historical trading volume of the Shares and the average daily trading volume and value in comparison to the Top-15 companies suggests that there is **reasonable liquidity** in the Shares and that the market prices of the Shares should generally reflect a fundamental, market-based value of the Shares.

9.5 Historical share price trading analysis

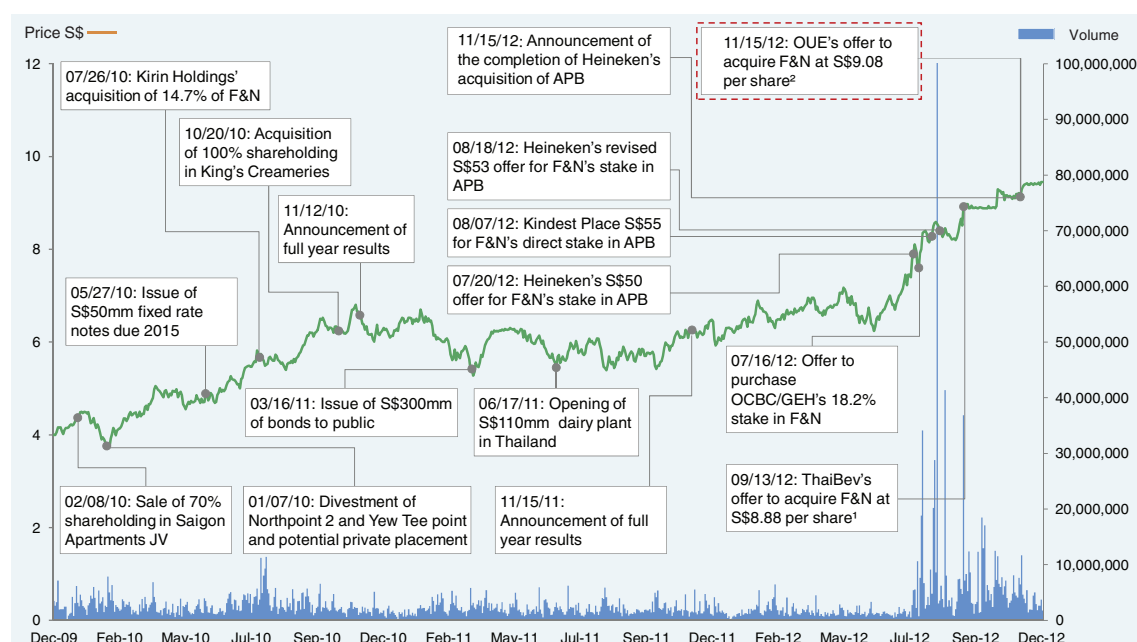
In evaluating the fairness of the OUE Offer Price from a market price expectations perspective, we have considered whether the current and historical price performances of the Shares are reasonable indicators for assessing the financial value of the Shares at a given point in time. We set out below in Chart 3, the daily closing price and daily trading volume of the Shares for the 3-year period from 10 December 2009 to the IFA Reference Date.

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Chart 3 – Historical share price performance and trading volume

Trading history for F&N

Historical share price of F&N (last 3 years)



Source: Bloomberg, Company announcements as of the IFA Reference Date

Notes:

- (1) TCC Assets, a concert party of ThaiBev, in accordance with Rule 14.1 of the Code, announced that it would make an offer for all of the issued and paid-up Shares, including new Shares issued on or prior to the close of the offer pursuant to the valid exercise of options granted under the F&N Executive Share Option Scheme or valid vesting or release of awards granted under the F&N Restricted Share Plan and F&N Performance Share Plan, for S\$8.88 per Share
- (2) OUE Baytown's Financial Advisers announced for and on behalf of the Offeror the intention to make a voluntary conditional cash offer for all of the issued and paid-up Shares other than those Shares held by F&N as treasury shares and those Shares already owned, controlled or agreed to be acquired by OUE Baytown for a consideration of S\$9.08 per Share

■ 7 January 2010: Divestment of Northpoint 2 and Yew Tee Point and potential private placement

- F&N announced that its subsidiary, Frasers Centrepoint Limited ("FCL") had entered into a put and call option with HSBC Institutional Trust Services. The call option, if exercised, will require Yishun Development Pte Ltd to enter into a sale and purchase agreement with FCT, for the divestment of YewTee Point. Further, as announced by Frasers Centrepoint Asset Management Ltd., the manager of FCT obtained the approval in-principle letter from Singapore Exchange Securities Trading Limited in connection with the proposed issue of up to 152.0 million new units in FCT pursuant to an equity fund raising

■ 8 February 2010: Sale of 70% shareholding in Saigon Apartments joint venture

- F&N announced that SAJV Co Pte. Ltd., a wholly-owned subsidiary of the Company's subsidiary, FCL, had entered into a conditional capital transfer agreement to sell its entire 70% shareholding interest in Saigon Apartments Joint Venture Company Limited for an aggregate consideration of US\$7.5 million (equivalent to approximately S\$10.6million)

■ 27 May 2010: Issue of S\$50mm fixed rate notes due 2015

- F&N announced that its wholly-owned subsidiary, F&N Treasury Pte. Ltd. had issued an eleventh series, comprising S\$50 million in principal amount of Fixed Rate Notes pursuant to its S\$2 billion Multicurrency Medium Term Note Programme established on 7 May 2007

■ 26 July 2010: Kirin's acquisition of 14.7% of F&N

- Kirin announced the signing of a Share Purchase Agreement for the acquisition of shares in F&N. Kirin acquired 205,500,000 shares in F&N (14.7% of total shares outstanding from Seletar Investments Pte Ltd, which is a wholly-owned subsidiary of Temasek Holdings (Private) Limited for S\$6.50 per share. The total consideration for the acquisition amounted to S\$1,335,750,000. Kirin funded the acquisition through existing cash on hand and borrowings

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- **20 October 2010: Acquisition of 100% shareholding in King's Creameries**
 - F&N announced that it had entered into a conditional agreement to acquire 100% of the issued share capital of King's Creameries (S) Pte Ltd ("**King's Creameries**"). King's Creameries is a wholly-owned subsidiary of Lion Nathan National Foods Pty Ltd, a leading food and beverage company in Australia and New Zealand. Lion Nathan National Foods Pty Ltd is itself a wholly-owned subsidiary of Kirin which acquired a 14.7% interest in F&N in July 2010. Negotiations for this transaction started before Kirin became a shareholder of F&N
- **12 November 2010: Announcement of full year results**
 - F&N announced FY2010 full year revenue was up 11% from the previous year to S\$5,697 million, while PBIT increased 34% from the previous year to S\$1,070 million
- **16 March 2011: Issue of S\$300mm of bonds to public**
 - F&N announced an underwritten offer by its wholly-owned subsidiary, F&N Treasury Pte. Ltd, of S\$300,000,000 in aggregate principal amount of bonds, comprising an offer to the public in Singapore and to institutional and other investors
- **17 June 2011: Opening of S\$110m dairy plant in Thailand**
 - F&N officially opened its new S\$110 million canned milk plant in Thailand, further advancing F&N's ambition of becoming a leading and innovative food and beverage player in the Asia Pacific region
- **15 November 2011: Announcement of full year results**
 - F&N reported results for the year ended 30 September 2011. Group revenue improved 10% to S\$6,274 million. PBIT improved 8%, to S\$1,152 million, led by double-digit earnings growth in F&B
- **16 July 2012: Offer to purchase Oversea-Chinese Banking Corporation Limited ("OCBC")/Great Eastern Holdings Limited ("GEH") 18.2% stake in F&N**
 - OCBC and GEH announced that they had been approached with an offer to purchase, *inter alia*, their combined stakes in F&N (aggregating approximately 18.20% of F&N's total issued shares as at 31 March 2012) and aggregating approximately 7.92% of the total issued share capital of Asia Pacific Breweries Limited ("**APBL**") as at 31 March 2012
- **20 July 2012: Heineken's S\$50 offer for F&N's stake in APBL**
 - F&N announced that the Board had received an offer from Heineken N.V. ("**Heineken**") to acquire the Company's direct and indirect interests in APBL at a price of S\$50 per share, for a total consideration of S\$5.1 billion. In addition, Heineken had offered S\$163 million for the Company's interest in non-APBL assets held by Asia Pacific Investment Pte Ltd ("**APIPL**"), subject to any adjustment for further impairments
- **7 August 2012: Kindest Place's S\$55 offer for F&N's direct stake in APBL**
 - F&N announced that it had received an unsolicited offer from KPGL to acquire the Company's direct interest in APBL comprising 18,753,887 APBL shares at the price of S\$55 for each share in APBL
- **18 August 2012: Heineken's revised S\$53 offer for F&N's stake in APBL**
 - Heineken announced that it had entered into two separate conditional sale and purchase agreements with F&N, for the purchase by Heineken and the sale by F&N of APIPL and APBL. The consideration payable by Heineken was: (a) S\$53 for each APBL share held by F&N directly or through APIPL; and (b) S\$163 million for F&N's interest in the non-APBL assets held by APIPL
- **15 November 2012: Announcement of the completion of Heineken's acquisition of APB**
 - F&N announced the completion of the proposed sale of F&N's direct and indirect interests in APBL and F&N's interest in certain non-APBL assets held by APIPL pursuant to the agreements entered into by F&N with Heineken

Between 10 December 2009 and the Unaffected Share Price Date, the Shares traded within a range of between S\$3.73 and S\$7.90 per Share based on the daily closing price.

The latest traded share price of the Company as of the Unaffected Share Price Date was S\$7.90. On 17 July 2012 (being the Market Day immediately after the Unaffected Share Price Date) the price of the Shares rose from the previous closing price to close at S\$8.10 with an aggregate volume of approximately 5.57 million Shares traded.

The latest traded share price of the Company as of 15 November 2012 (being the Market Day immediately prior to the OUE Offer Announcement Date) was S\$9.13. On 16 November 2012 (being the Market Day immediately after the OUE Offer Announcement Date) the price of the Shares rose from the previous closing price to close at S\$9.28 with an aggregate volume of approximately 11.70 million Shares traded.

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The Shares have traded in a band between S\$3.73 and S\$9.45 based on the daily closing price over the 3-year period prior to the IFA Reference Date. In the 12-month period prior to the Unaffected Share Price Date, the Shares have traded between S\$5.39 and S\$7.90 based on the daily closing price. We note the OUE Offer Price represents a premium in a range of between 14.9% to 68.5% to these prices.

Following the Unaffected Share Price Date up to the IFA Reference Date, the Shares have traded in a band between S\$7.60 and S\$9.45 based on the daily closing price. We note the OUE Offer Price represents a premium/(discount) in a range of between (3.9)% to 19.5% to these prices.

Following the OUE Offer Announcement Date up to the IFA Reference Date, the Shares have traded in a band between S\$9.13 and S\$9.45 based on the daily closing price. We note the OUE Offer Price represents a premium/(discount) in a range of between (0.5)% to (3.9)% to these prices.

We note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the OUE Offer. In addition, we note that our analysis of the past price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

9.6 Volume weighted average price analysis

We have analyzed the premium/(discount) implied by the OUE Offer Price over the 1-day closing price and the volume weighted average price of the Shares for the 1-week, 1-month, 3-month, 6-month, and 12-month periods up to the Unaffected Share Price Date as well as the 1-week, 1-month, 3-month, 6-month and 12-month period preceding the OUE Offer Announcement Date and have tabulated them as follows in Chart 4.

Chart 4 – Premium/(discount) implied by the OUE Offer Price

Premium/(discount) to VWAP (%)				
Reference period	Oversea-Chinese Banking Corporation Limited/Great Eastern Holdings Limited stake sale to Thai Bev Date ⁽¹⁾		OUE Offer Announcement Date	
	VWAP (S\$)	Premium/(Discount) %	VWAP (S\$)	Premium/(Discount) %
Offer price	9.08		9.08	
1 Market Day before relevant announcement ⁽²⁾	7.90	14.9%	9.13	(0.5)%
1 week before relevant announcement	7.65	18.7%	9.17	(1.0)%
1 month before relevant announcement	7.25	25.2%	9.12	(0.4)%
3 months before relevant announcement	6.88	31.9%	8.88	2.2%
6 months before relevant announcement	6.75	34.5%	8.50	6.8%
12 months before relevant announcement	6.29	44.3%	8.15	11.4%

Source: Company, Bloomberg, FactSet as of the IFA Reference Date

Notes:

(1) As of 16 July 2012 which is also the Unaffected Share Price Date

(2) Closing price 1 Market Day before the relevant announcements

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We note the following:

- (i) The OUE Offer Price represents a premium of approximately 18.7%, 25.2%, 31.9%, 34.5% and 44.3% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods up to and including the Unaffected Share Price Date;
- (ii) The OUE Offer Price represents a premium/(discount) of approximately (1.0)%, (0.4)%, 2.2%, 6.8% and 11.4% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods preceding the OUE Offer Announcement Date;
- (iii) The OUE Offer Price represents a premium of approximately 14.9% to the last transacted price of S\$7.90 on the Unaffected Share Price Date and represents a discount of approximately (0.5)% to the last transacted price of S\$9.13 one Market Day prior to the OUE Offer Announcement Date;
- (iv) The OUE Offer Price represents a discount of approximately (3.9)% to the closing price of the Shares of S\$9.45 as at the IFA Reference Date; and
- (v) The implied OUE Offer Price excluding the proceeds of S\$5,591 million from the APB Sale (the “**APBL and APIPL Proceeds**”) would be S\$5.20 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date to the IFA Reference Date excluding the APBL and APIPL Proceeds would be S\$4.94 per Share. Therefore, the OUE Offer Price excluding the APBL and APIPL Proceeds represents a premium of approximately 5.3% during this period.

We note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the OUE Offer. In addition, we note that our analysis of the past price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

9.7 Historical multiple analysis

We set out below the historical trading multiples of the Company. Historical trading multiples are related to how the Company is perceived by the stock market and subject to market efficiency and rationality, reflects the information relevant to a company such as its business directions, plans and strategies, expected financial performance, future prospects and potential growth and is susceptible to, *inter alia*, investor sentiment and market speculation.

We set out below in Chart 5 the Company's EV/EBITDA based on the Company's trailing 12-month EBITDA, P/E based on the Company's trailing 12-month earnings and P/B over the last twelve months (“**LTM**”) prior to the Unaffected Share Price Date.

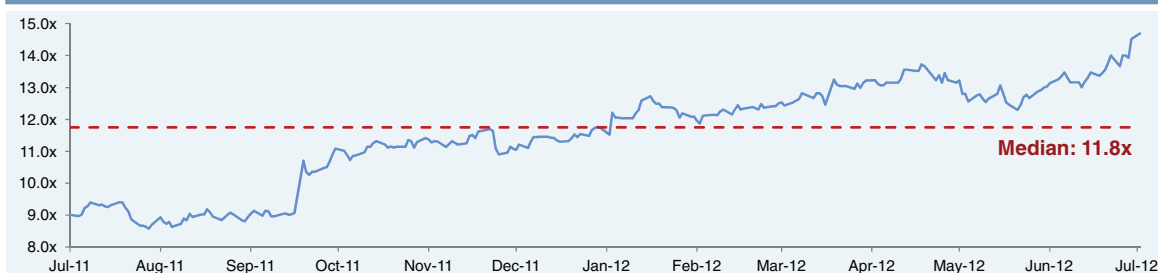
Note: EBITDA, earnings and book value are taken for the period of 12 months preceding 30 June 2012

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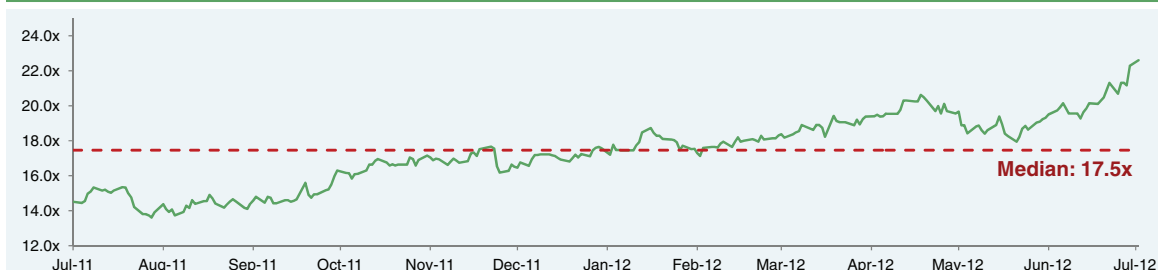
Chart 5 – Historical LTM EV/EBITDA, LTM P/E and P/B for F&N

1-year historical LTM trading multiples for F&N from Unaffected Share Price Date

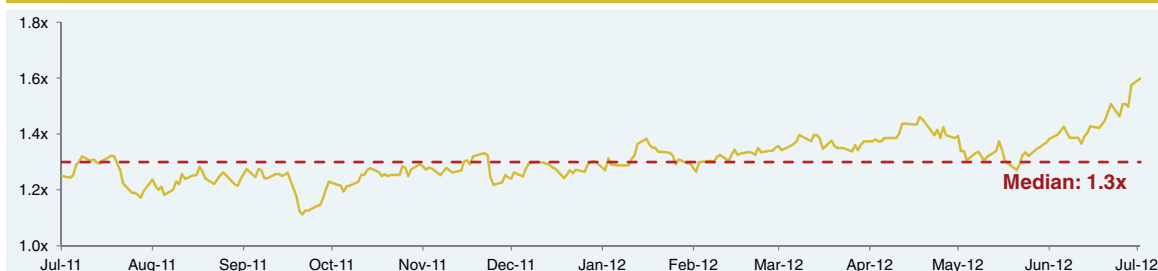
LTM EV/EBITDA



LTM P/E



P/B



Source: Company filings, Bloomberg

Note: Multiples reflect prior twelve month period as of the Unaffected Share Price Date

We note the following:

- (i) The OUE Offer Price represents a premium of approximately 22.1%, to the median of F&N's trailing 12-month EV/EBITDA multiple of 11.8x from the Unaffected Share Price Date;
- (ii) The OUE Offer Price represents a premium of approximately 58.4%, to the median of F&N's trailing 12-month P/E multiple of 17.5x from the Unaffected Share Price Date;
- (iii) The OUE Offer Price represents a premium of approximately 32.6%, to the median of F&N's trailing 12-month P/B multiple of 1.3x from the Unaffected Share Price Date;
- (iv) The OUE Offer Price represents a discount of approximately (16.8)% to the median of F&N's trailing 12-month EV/EBITDA multiple of 16.4x from the Unaffected Share Price Date to the IFA Reference Date;
- (v) The OUE Offer Price represents a premium of approximately 7.6% to the median of F&N's trailing 12-month P/E multiple of 25.7x from the Unaffected Share Price Date to the IFA Reference Date; and
- (vi) The OUE Offer Price represents a discount of approximately (0.1)% to the median of F&N's trailing 12-month P/B multiple of 1.7x from the Unaffected Share Price Date to the IFA Reference Date.

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We wish to highlight that the historical trading patterns or performance of the Shares should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

9.8 Precedent general offer analysis

We have looked at selected general offers in Singapore between 1 January 2007 and the IFA Reference Date, and where the transaction size implied by the respective offer is greater than S\$100 million.

Chart 6 – Comparison of OUE Offer Price to Singapore general offer precedent transactions

Precedent general offer-transactions in Singapore (2007–2012 year to-date)						
Ann date	Target	Acquirer	Premium/(discount) to pre-announcement share price			
			Closing 1 day	VWAP		
				1-month	3-month	6-month
5-Dec-12	SC Global Developments ^{(1), (2)}	MYK Holdings Pte Ltd	49%	57%	58%	63%
17-Aug-12	Asia Pacific Breweries ⁽³⁾	Heineken N.V.	53%	54%	56%	66%
10-May-12	Wing Tai Holdings Ltd ⁽⁴⁾	Ascend Capital Ltd	18%	14%	10%	22%
28-Dec-11	SMB United Ltd ⁽⁵⁾	Osaki Electric Co Ltd	46%	46%	52%	54%
7-Oct-11	Heng Long International Ltd ⁽⁶⁾	HLI Holding Pte Ltd	77%	99%	107%	105%
23-Aug-11	Asia Environment Holdings Ltd ⁽⁷⁾	Ciena Enterprises Ltd	33%	24%	21%	24%
1-Aug-11	C & O Pharmaceutical Technology (Holdings) Ltd	Shinogi & Co Ltd	11% ⁽⁷⁾	32% ⁽⁸⁾	39% ⁽⁸⁾	32% ⁽⁸⁾
1-Jun-11	Portek International Ltd ⁽⁷⁾	ICTSI Far East Pte Ltd	69%	71% ⁽⁸⁾	89% ⁽⁸⁾	111% ⁽⁸⁾
23-May-11	Allgreen Properties Ltd ⁽⁷⁾	Brookvale Investments Pte Ltd	39%	41%	45%	43%
23-May-11	Kim Eng Holdings ⁽⁹⁾	Malayan Banking	56%	63%	68%	79% ⁽¹¹⁾
29-Oct-10	Thomson Medical Centre Ltd ⁽⁷⁾	Sasteria Pte Ltd	62%	70% ⁽¹⁰⁾	83% ⁽¹⁰⁾	100% ⁽¹¹⁾
16-Aug-10	Pine Agritech Ltd ⁽⁷⁾	Link Crest Ltd	11%	7%	19%	50%
23-Jul-10	RSH Ltd ⁽¹²⁾	Peak Retail Investments Pte Ltd	42%	N/A	N/A	33%
27-May-10	Parkway Holdings Ltd ⁽¹³⁾	Integrated Healthcare Holdings Ltd	31%	20%	23%	29%
15-Dec-09	Furama Limited ⁽⁷⁾	Samta Hotels	37%	39%	43%	51%
24-Aug-09	Sihuan Pharmaceutical Holdings Group Ltd ⁽⁷⁾	China Pharma Ltd	27% ⁽¹⁴⁾	24%	33%	36%
21-Jun-09	Singapore Petroleum Co Ltd ⁽¹⁵⁾	Petrochina International (Singapore) Pte Ltd	24%	51%	89%	120%
20-Jan-09	Singapore Food Industries Ltd ⁽¹⁶⁾	Singapore Airport Terminal Services Ltd	25%	25%	24%	20%
19-Sep-08	King's Safetywear Ltd ⁽⁷⁾	Safe Step Group Ltd	12% ⁽¹⁴⁾	13%	15%	23%
25-Aug-08	Singapore Computer Systems Ltd ⁽¹⁷⁾	Computer Systems Holdings Pte Ltd	56%	27%	30%	39%
10-Jun-08	SNP Corporation Ltd ⁽⁷⁾	Toppan Printing Co Ltd	8%	15%	22%	25%
20-Jan-08	Robinson & Co ⁽¹⁸⁾	ALF Global Pte Ltd	61%	64%	60%	55%
8-Jan-08	Ascott Group ⁽⁷⁾	CapitaLand	43%	42%	19%	N/A
7-Dec-07	Sincere Watch Ltd ⁽¹⁹⁾	A-A United Ltd	11%	19% ⁽¹¹⁾	30% ⁽¹¹⁾	36% ⁽¹¹⁾
29-Oct-07	Labroy Marine Ltd ⁽⁷⁾	Dubai Drydocks World LLC	3%	9%	20%	18%
13-Jun-07	Sembawang Kimtrans Ltd ⁽²⁰⁾	Toll Express (Asia) Pte Ltd	13%	14% ⁽¹¹⁾	15%	16%
28-May-07	Pan-United Marine Ltd ⁽⁷⁾	Dubai Drydocks World LLC	3%	15%	24%	37%
22-May-07	Amtek Engineering Ltd ⁽²¹⁾	Metcomp Co (Singapore) Pte Ltd	41%	51%	59%	67%
Mean			34%	36%	40%	47%
Median			35%	33%	30%	39%
Max			77%	99%	107%	120%
Min			3%	7%	10%	16%
13-Sep-12	F&N	TCC Assets Ltd (Unaffected Share Price Date ⁽²²⁾)	12%	22%	29%	32%
		TCC Assets Ltd (prior to Offer Announcement Date ⁽²³⁾)	4%	6%	9%	16%
15-Nov-12	F&N	OUE (Unaffected Share Price Date ⁽²²⁾)	15%	25%	32%	35%
		OUE (prior to OUE Offer Announcement Date ⁽²⁴⁾)	(0.5)%	(0.4)%	2%	7%

Source: Dealogic, Bloomberg, and relevant offer documents. Includes Singapore general offer transactions above S\$100 million in value and excludes schemes of arrangement and voluntary delistings

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Notes:

- (1) Time reference in calculating the premia is 30 November 2012, being the last trading day of the shares of SC Global Developments Limited on the SGX-ST preceding the announcement by MYK Holdings Pte. Ltd. in making a voluntary unconditional cash offer for all the issued ordinary shares in the capital of SC Global Developments Ltd
- (2) The SC Global Developments transaction has been announced but not yet completed
- (3) Time reference in calculating the premia is 16 July 2012, being the date of the joint holding announcement by Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited of an approach with an offer to purchase their combined stakes in Fraser and Neave, Limited and Asia Pacific Breweries Limited
- (4) Time reference in calculating the premia is 9 May 2011, being the last trading day prior to the offer announcement date on which the shares of Wing Tai Holdings Limited ("**Wing Tai**") were traded on the SGX-ST. On 10 May 2011, Ascend Capital Limited announced a voluntary conditional cash partial offer to acquire 15% of the ordinary shares in the issued and paid up capital of Wing Tai Holdings Limited other than shares held in treasury and those already owned, controlled or agreed to be acquired by the offeror and the Cheng Brothers
- (5) Time reference in calculating the premia is 28 October 2011, being the last trading day prior to the offer announcement date by PSHL, an indirect wholly owned subsidiary of Boer Power Holdings Limited ("**BPH**") on which the shares of SMB United Limited were traded on the SGX-ST. On 31 October 2011, BPH announced a voluntary conditional cash offer (the "**Boer offer**") to acquire all the issued and fully paid up shares other than those already owned, controlled or agreed to be acquired by PSHL at an offer price of S\$0.32 in cash for each share. As at the announcement date, the Boer offer had not become unconditional in accordance with its terms. On 28 December 2011, OSAKI Electric Co Ltd limited made a voluntary conditional cash offer for all the ordinary shares in the capital of SMB United Limited at an offer price of S\$0.40. Premium calculated based on offer price of S\$0.40 per share
- (6) Time reference in calculating the premia is 5 May 2011, being the last trading day prior to the holding announcement date about expression of interest on which the shares of Heng Long International were traded on the SGX-ST
- (7) Time reference in calculating the premia is the last trading day prior to the offer announcement date on which the shares of the respective company were traded on the SGX-ST
- (8) Premium over average closing price of the shares for the period
- (9) Premium to the antecedent share price date being 16 December 2010, the Market Day immediately prior to the holding announcement date
- (10) Bloomberg VWAP
- (11) VWAP calculated as total daily trading value divided by total daily trading volume for the relevant period
- (12) Time reference in calculating the premium over last transacted price is 23 March 2010, being the last trading day prior to the offer announcement date on which the shares of RSH Limited ("**RSH**") were traded on the SGX-ST. Time reference in calculating the premia over the respective VWAP is 23 July 2010, being the offer announcement date. No trading information is available to provide the 1-month and 3-month VWAP of RSH
- (13) Time reference in calculating the premia is 26 May 2010, being the last trading day prior to the offer announcement date on which the shares of Parkway Holdings Limited ("**Parkway**") were traded on the SGX-ST. On 27 May 2010, Integrated Healthcare Holdings Limited ("**IHH**") announced a voluntary conditional cash partial offer for 313,000,000 ordinary shares in the capital of Parkway Holdings Limited. On 26 July 2010, IHH announced the revision of the voluntary conditional cash partial offer to a voluntary conditional cash general offer with a revised offer price of S\$3.95 per share. Premium calculated based on final offer price of S\$3.95 per share
- (14) Time reference in calculating the premium over 1-day closing is the last trading day prior to the offer announcement date on which the shares were traded on the SGX-ST. Time reference in calculating the premia over VWAP is the offer announcement date
- (15) Time reference in calculating the premia is 22 May 2009, being the last trading day prior to the pre-conditional offer announcement date on which the shares of Singapore Petroleum Co Ltd ("**Singapore Petroleum**") were traded on the SGX-ST. On 24 May 2009, a pre-conditional offer for Singapore Petroleum was announced in conjunction with a purchase of a 45.5% stake in Singapore Petroleum
- (16) Time reference in calculating the premia is 22 October 2008, being the last trading day prior to the SGX-ST query date on which the shares of Singapore Food Industries ("**SFI**") were traded on the SGX-ST. On 22 October 2008, a substantial increase in the price of the SFI shares led to the SGX-ST query. Premium over VWAP is calculated based on dividend-adjusted VWAP as stated in the offer announcement
- (17) Time reference in calculating the premium over last transacted price is 29 July 2008, being the last trading day prior to 30 July 2008 on which shares of Singapore Computer Systems Limited ("**SCS**") were traded on the SGX-ST. On 30 July 2008, SCS responded to the query by the SGX-ST regarding trading activity and announced that Green Dot Capital Pte Ltd, a majority shareholder was evaluating options with respect to its stake in SCS. Time reference in calculating the premium over the respective VWAP is 21 August 2008, being the last trading day prior to the offer announcement date
- (18) Time reference in calculating the premium over 1-day closing is 18 January 2008, being the last trading day prior to the offer announcement date on which the shares of Robinson & Co Limited were traded on the SGX-ST. Time reference in calculating the premia over VWAP is the offer announcement date. Premia is calculated based on final offer price of S\$7.20 per share announced on 3 April 2008
- (19) Time reference in calculating the premia is the last trading day prior to the offer announcement date on which the shares of Sincere Watch Limited ("**Sincere Watch**") were traded on the SGX-ST. On 7 December 2007, a pre-conditional offer for Sincere Watch was announced. The offer price for each Sincere Watch share was S\$2.051 in cash and 0.228 new share in the capital of Peace Mark (Holdings) Limited (a company listed on Hong Kong Stock Exchange). The offer was equivalent to a total notional value of S\$2.564

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- (20) Time reference in calculating the premia is 12 June 2007, being the last trading day prior to the offer announcement date on which the shares of Sembawang Kimtrans Limited ("**SKL**") were traded on the SGX-ST. On 13 June 2007, Toll Express (Asia) Pte Ltd ("**Toll Express**") launched a voluntary general offer for SKL at S\$0.70 per share. If Toll Express were to acquire more than 90% of shares of the shares not already owned by Toll Express, the offer price would be revised to S\$0.80. Premium calculated using S\$0.80 as the offer price
- (21) Time reference in calculating the premia is 13 April 2007, being the last trading day prior to the announcement on 16 April 2007 on which the shares of Amtek Engineering Limited ("**Amtek**") were traded on the SGX-ST. On 16 April 2007, Amtek announced that certain shareholders had been approached in relation to possible transactions involving their shares
- (22) Time reference in calculating the premia is 16 July 2012, the Unaffected Share Price Date being the last trading day prior to the announcement on 17 July 2012 on which the shares of F&N were traded on the SGX-ST. On 17 July 2012, F&N announced that Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") and Great Eastern Holdings Limited ("**GEH**") were approached with an offer to purchase, *inter alia*, their combined stakes in F&N and Asia Pacific Breweries Limited
- (23) Time reference in calculating the premia is 12 September 2012, the last trading day prior to the TCC Offer Announcement Date on 13 September 2012 on which the shares of F&N were traded on the SGX-ST. On 13 September 2012, F&N announced that TCC Assets had acquired 19,500,000 issued and paid-up ordinary shares in the capital of F&N and in accordance with Rule 14.1 of the Singapore Code on Takeovers and Mergers, TCC Assets would make a mandatory conditional cash offer for all the remaining Shares
- (24) Time reference in calculating the premia is 15 November 2012, the last trading day prior to the OUE Offer Announcement Date on 15 November 2012 on which the shares of F&N were traded on the SGX-ST. On 15 November 2012, F&N announced that OUE had made a voluntary conditional cash offer for all of the issued and paid-up ordinary shares of F&N at a per share price of S\$9.08

Based on the above chart, it should be noted that the OUE Offer Price represents:

- (i) A premium of approximately 15% to the closing price of the Shares on the Unaffected Share Price Date and a discount of approximately (0.5)% to the closing price of the Shares on the OUE Offer Announcement Date. This compares to a median premium of 35% to the last trading price for the selected transactions;
- (ii) A premium of approximately 25% to the 1-month VWAP of the Shares prior to the Unaffected Share Price Date and a discount of approximately (0.4)% to the 1-month VWAP of the Shares prior to the OUE Offer Announcement Date. This compares to the median premium of 33% to the 1-month VWAP for the selected transactions;
- (iii) A premium of approximately 32% to the 3-month VWAP of the Shares prior to the Unaffected Share Price Date and a premium of approximately 2% to the 3-month VWAP of the Shares prior to the OUE Offer Announcement Date. This compares to the median premium of 30% to the 3-month VWAP for the selected transactions; and
- (iv) A premium of approximately 35% to the 6-month VWAP of the Shares prior to the Unaffected Share Price Date and a premium of approximately 7% to the 6-month VWAP of the Shares prior to the OUE Offer Announcement Date. This compares to a median premium of 39% to the 6-month VWAP for the selected transactions.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay in a general offer, merger or takeover transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of or potential for competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

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The Independent Directors should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or relative need for control leading to compulsory acquisition. Moreover, as the Company is not in the same industry and does not conduct the same businesses as the other target companies in Chart 6, it may not, therefore, be directly comparable to the target companies in terms of composition of business activities, product lines, scale of operations, risk profile, geographical spread of activities, client base, accounting policies, track record, prospects and other relevant criteria. Accordingly, the selected precedent general offer analysis may not provide a meaningful basis for premium comparison and the Independent Directors should note that the above comparison merely serves only as a general guide.

9.9 Precedent research estimates analysis

We have reviewed certain research reports by stock brokers in relation to the Shares and/or the OUE Offer as compiled from Bloomberg and Thomson Research.

The table below summarises the key points of various research notes and reports

Chart 7 – Brokers research price targets for F&N

Brokers research price targets for F&N									
Brokers research price targets for F&N as at:				Unaffected Share Price Date ⁽¹⁾			OUE Offer Announcement Date ⁽²⁾		
Broker	Date (2012)	Rating	Target price (S\$)	Date (2012)	Rating	Target price (S\$)	Date (2012)	Rating	Target price (S\$)
Nomura	16 Jul	Neutral	8.08	15 Nov	Buy	10.48	7 Dec	Buy	10.48
Deutsche Bank	14 May	Buy	7.83	N/A	N/A	N/A	N/A	N/A	N/A
DBS Bank	30 Mar	Buy	7.70	3 Sep	Hold	8.99	3 Sep	Hold	8.99
BNP Paribas	16 Jul	Buy	7.60	24 Oct	Hold	8.95	16 Nov	Hold	8.95
CIMB	19 Apr	Neutral	7.20	13 Sep	Outperf	9.85	13 Sep	Outperf	9.85
Goldman Sachs	10 May	Neutral	6.78	N/A	N/A	N/A	N/A	N/A	N/A
Religare Securities	13 May	Hold	6.63	22 Oct	Buy	8.98	16 Nov	Buy	8.93
Mean			7.40			9.45			9.44

Source: Bloomberg

Notes:

- (1) Excludes EVA Dimensions and HSBC as target price was not available. Excludes IIFL as last report was prepared in May 2011
- (2) Excludes Deutsche Bank, EVA Dimensions, Goldman Sachs and HSBC as target price was not available. Excludes IIFL as last report was prepared in May 2011; and
- (3) Excludes Deutsche Bank, EVA Dimensions, Goldman Sachs and HSBC as target price was not available.

Based on the above, we note that:

- (i) The OUE Offer Price represents a premium of 22.7% to the average price target estimates by brokers as of the Unaffected Share Price Date;
- (ii) The OUE Offer Price represents a discount of (3.9)% to the average price target estimates by brokers as of the OUE Offer Announcement Date; and
- (iii) The OUE Offer Price represents a discount of (3.8)% to the average price target estimates by brokers as of the IFA Reference Date.

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We wish to highlight that the above broker research reports are not exhaustive and the estimated price target for the Shares and other statements/opinions in these reports represent the individual views of the respective brokers (and not JPMSEAL) based on the circumstances (including *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Company) prevailing at the date of the publication of the respective equity research reports. The opinions of the brokers may change over time as a result of, among other things, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As such the estimated price targets in these equity research reports may not be an accurate prediction of future market prices of the Shares.

9.10 Sum-of-the-parts valuation

F&N Group has three distinct core businesses comprising:

- Properties;
- F&B Division; and
- Printing and publishing.

Given the unique profile of the F&N Group whereby the F&N Group is engaged in distinct businesses, we consider it appropriate to value each of the F&N Group's businesses separately to arrive at an aggregate valuation of the F&N Group on a sum-of-the-parts basis. We have arrived at a range of valuation for the F&N Group rather than a single specific value as this will provide a more objective measure of the value of the Shares taking into account, *inter alia*, market price volatility of the listed entities under the F&N Group and the F&N Group's significant property portfolio which is sensitive to general stock market and economic conditions.

Our valuation methodologies for each of the F&N Group's businesses are further set out from Section 9.10.1 to Section 9.10.3 of this letter. We set out below a summary of our sum-of-the-parts valuation of the F&N Group.

Chart 8 – Summary of Sum-of-the-parts Valuation

Summary of Sum-of-the-parts Valuation		
	Lower (S\$ million)	Upper (S\$ million)
Properties (the " Properties Business ")	4,645	6,953
F&B Business (the " F&B Business ")	1,877	3,820
APBL and APIPL Proceeds (the " APBL and APIPL Proceeds ")	5,591	5,591
Printing and publishing	252	298
Total valuation	12,366	16,663
Estimated valuation for each Share (S\$)⁽¹⁾	8.58	11.56

Note:

(1) Based on fully diluted share count of 1,441,519,436 as of the Latest Practicable Date

We note that the OUE Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share.

We note that the implied OUE Offer Price excluding the APBL and APIPL Proceeds would be S\$5.20 per Share. We note that the estimated sum-of-the-parts valuation of each Share excluding the APBL and APIPL Proceeds would be in the range of S\$4.70 – S\$7.68 per Share. Therefore, we note that the OUE Offer Price excluding the APBL and APIPL Proceeds falls within the range of the estimated sum-of-the-parts valuation of each Share excluding the APBL and APIPL Proceeds.

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The Independent Directors should note that a discount may be applied on the sum-of-the-parts valuation of a conglomerate such as the F&N Group for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently. In arriving at the sum-of-the-parts valuation of the F&N Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, *inter alia*, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.

We note the above “Sum-of-the-parts Valuation” range includes the RNAV of the Properties segment. The Independent Directors should note that the analysis assumes the hypothetical sale of all the Property-related assets and businesses of the F&N Group as at 30 September 2012. The analysis thus assumes, *inter alia*, the existence of ready and committed buyer(s) for each asset at the fully revalued basis, and that the sale can be conducted efficiently without any timing constraint and without regard to other relevant market factors that may affect the sale process. The Independent Directors should also evaluate the analysis above in conjunction with the contents of Section 9.10.1 Properties of this letter specifically under “(ii) Revalued Net Asset Value (the “RNAV”) of properties segment” for further details on the basis and assumptions of our RNAV analysis.

In addition, as a part of the “Sum-of-the-parts Valuation”, we utilise historical share price and trading activity. We wish to highlight that a control premium may be imputed on the market valuation of F&N Group’s businesses as a result of majority ownership. We have however not applied any control premium as the quantification of such premium is highly subjective. We note that implied P/E and EV/EBITDA multiples are and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical P/E and EV/EBITDA multiples should not be relied upon as a promise of its future trading performance.

We further note that in the “Sum-of-the-parts Valuation”, we utilise precedent transaction analysis. The selected precedent transactions are provided for illustrative purposes only. The selected precedent transactions and the acquired companies may not be directly comparable and may vary with respect to, amongst other factors, the geographical spread of activities, business mix and model within the properties, food and beverage and printing and publishing sectors, scale of operations, asset intensity, accounting policies, risk profile, track record and future prospects. Accordingly, the selected precedent transactions may not provide a meaningful basis for valuation comparison. We further wish to highlight that underlying financial data used to calculate the EV/Revenue, EV/EBITDA and P/E multiples in our analysis have been extracted from the relevant companies’ financials, Bloomberg, Accounting and Corporate Regulatory Authority of Singapore and FactSet as at the relevant announcement date of each transaction. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

We also note that in the “Sum-of-the-parts Valuation”, we utilise valuation ratios of listed comparable companies. We further wish to highlight that underlying financial data used to calculate the EV/Revenue, EV/EBITDA and P/E multiples in our analysis have been extracted from the relevant companies’ financials, Bloomberg and FactSet as at the IFA Reference Date. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

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Similarly, we have not taken into account any premium that may arise from a controlling stake in the F&N Group. In particular, for purposes of conducting the “Sum-of-the-parts Valuation”, we have relied upon and assumed the accuracy and completeness of all information that was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed any responsibility or liability for independently verifying such information) any such information or its accuracy or completeness. We have not conducted any valuation or appraisal of any assets or liabilities of the F&N Group. In relying on financial analyses and estimates provided to us by the management of the Company, we have assumed, *inter alia*, that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the financial condition of the Company to which such analyses or estimates relate. We express no view as to such analyses or estimates or the assumptions on which they were based.

While the sum-of-the-parts valuation is useful as a cross-check, the Independent Directors should note that it would not be appropriate to solely rely on the sum-of-the-parts valuation in assessing the OUE Offer Price in view of its various drawbacks and limitations and they should also consider the analyses in the other sections of this letter.

9.10.1 Properties

The property arm of F&N is one of Singapore’s leading integrated real estate companies. It owns a global portfolio of quality residential and commercial properties, gold standards serviced residences and a real estate fund management business in over 20 countries spanning Asia, Australasia, Europe and the Middle East.

The property arm of F&N Group, Frasers Centrepoint Limited (“FCL”), has total property assets of approximately \$8.5 billion⁽¹⁾, including real estate development projects in Singapore, China, Thailand, United Kingdom, Australia and New Zealand, as well as 13 retail malls⁽²⁾, 8 office buildings, two business parks⁽³⁾ and one logistic park in Singapore, Australia, China, Japan and Vietnam, which it owns and/or manages. In addition, FCL, as one of the leading international branded serviced apartment operators, owns and/or manages 73 properties with over 12,200 apartments in 39 key gateway cities⁽⁴⁾.

List of investment properties

Retail malls	Offices	Business Parks	Logistic Park
<ul style="list-style-type: none"> ■ Anchorpoint ■ Bedok Point ■ Causeway Point ■ Northpoint ■ YewTee Point ■ Compass Point ■ Robertson Walk ■ The Centrepoint ■ Valley Point ■ Changi City Point ■ Waterway Point (under development) ■ Eastpoint ■ Crosspoint 	<ul style="list-style-type: none"> ■ Market Street ■ China Square ■ Caroline Chisholm Centre ■ Central Park ■ Me Linh Point ■ Alexandra Point ■ Valley Point ■ Cuppage Road 	<ul style="list-style-type: none"> ■ Alexandra Technopark ■ Changi Business Park (under development) 	<ul style="list-style-type: none"> ■ Chengdu

(1) FCL’s property assets include investment properties, properties under development, development property held for sale, completed property held for sale and investments in associates, as at 30 September 2012

(2) Includes Waterway Point which is currently under development

(3) Includes Changi Business Park which is currently under development

(4) Includes properties in the pipeline. **We wish to highlight that we had relied upon and assumed the accuracy and completeness of the information provided by the Company’s management. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness of such information**

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We note the following key considerations in reference to the valuation of the Properties Business:

- (i) The F&N Group's properties in FCL have an aggregate book NAV of approximately S\$5,542 million as of 30 September 2012, which reflects an adjustment for shareholders' loan in the amount of S\$620 million from F&N to FCL as of 30 September 2012;
- (ii) Based on Revalued Net Asset Value ("**RNAV**") of the Properties Business, the implied valuation of FCL is approximately S\$6,953 million as of 30 September 2012;
- (iii) Based on the low to high median range of P/B, P/E and P/RNAV of the selected listed comparable companies of the Properties Business, the implied valuation of FCL will range from approximately S\$4,645 million to S\$5,120 million; and
- (iv) Based on the low to high median range of P/B and P/RNAV of the selected precedent transaction comparables of the Properties Business, the implied valuation of FCL will range from approximately S\$5,321 million to S\$5,535 million.

In arriving at the valuation of the Properties Business we have used a range of values between S\$4,645 million and S\$6,953 million based on the above.

(i) Net Asset Value ("NAV**") of the properties segment**

Given the asset intensive nature of the Company's core property development and investment business, we have adopted an historical book NAV-based valuation approach. Property-related companies such as the Company are often valued using a historical book NAV-based approach as their asset backings are perceived as providing support for the value of their equity, while the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

We have relied on the Company's estimate of the property segment's latest unaudited consolidated financial statements as at 30 September 2012. The F&N Group's properties in FCL have an aggregate book NAV of approximately S\$5,542 million, which reflects an adjustment for shareholder's loan in the amount of S\$620 million from F&N Group to FCL as of 30 September 2012.

(ii) Revalued Net Asset Value ("RNAV**") of properties segment**

In connection with the OUE Offer, we have relied on the revaluation estimates of certain development and investment properties as provided by the Company and valuation reports by Knight Frank Pte Ltd, DTZ Debenham Tie Leung (Vietnam) Co. Ltd, DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd., CBRE Pte. Ltd., CBRE Valuations Pty Limited, CKS Property Consultants Pte Ltd, Savills Valuation and Professional Services Limited and KJPP Rengganis, Hamid & Rekan (together, the "**Independent Valuers**") to ascertain the RNAV of the Company. The extracts of the valuation reports (the "**Valuation Reports**") are set out in Appendix V of the TCC Offeree Circular dated 11 October 2012.

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A summary of the revaluation approach adopted is as follows:

Type	Methodology
Development Properties	
I. Properties under development with no contracted sales and land bank held for future development	<ul style="list-style-type: none"> ■ Properties that are currently under development but have no contracted sales or are land bank held for future development, the valuation methodology is as follows: <ul style="list-style-type: none"> a) Singapore properties – the Company has valued the majority of these properties on the basis of existing carrying value b) Overseas properties – the Independent Valuers have valued the majority of these properties by assuming development and completion in accordance with the latest development proposal
II. Properties under development with some contracted sales	<ul style="list-style-type: none"> ■ For properties which are under development and have achieved some pre-sales to date but has not been recognised for book accounting purposes, the Company has valued: <ul style="list-style-type: none"> a) The contracted units based on actual transacted selling prices and associated estimated development costs; and b) The uncontracted units based on management estimates of selling prices and associated development costs.
III. Completed properties having unsold stock	<ul style="list-style-type: none"> ■ For properties that have been completed but have some unsold units, the Company has valued these properties on the basis of latest carrying value
Investment Properties	
IV. Investment properties, and properties under development including hotel properties	<ul style="list-style-type: none"> ■ For the investment properties, four of the properties, Changi City Point, Waterway Point, Crosspoint Beijing and Capri Singapore are carried at cost; and ■ Independent Valuers have valued the properties based on <i>inter alia</i>, investment method, market comparison and discounted cash flow methods
Listed entities under the property portfolio	
V. Listed entities	<ul style="list-style-type: none"> ■ Listed entities have been valued based on their current market value of the F&N Group's equity interests as per the IFA Reference Date
Asset Management business	
VI. Asset Management business	<ul style="list-style-type: none"> ■ The asset management business has been valued based on trading P/E multiples of comparable companies

We note there are several development properties that have commenced development and contracted some sales and which have uncontracted units expected to be completed in the future. The property segment's launched projects have completion dates ranging up to 2016. This implies that the expected profits and cash flows from these development properties will only be realised over a number of years in the future. In view of this, the Company has adjusted revaluation surplus to take into account the time required to develop and complete the development projects. For this purpose, the Company has discounted the estimated after-tax profit from the future sales of the uncontracted units to arrive at an adjusted revaluation surplus.

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We have placed sole reliance on such information provided to us by the Company's management and do not assume any responsibility to inquire about the bases of such valuations or if the contents thereof have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code. In relying on financial analyses and estimates provided to us by the management of the Company, we have assumed, *inter alia*, that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the estimated future cash flows referred to above. We express no view as to such analyses or estimates or the assumptions on which they were based. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information.

We set out below the valuation figures for the revalued properties and the F&N Group's effective share of the net revaluation surplus net of potential tax liabilities and minority interest and after taking into account the relevant discounting.

	S\$ mm
Book value as of 30 September 2012 ⁽¹⁾	5,542
(a) Net revaluation surplus from development properties after-tax	700
(b) Net revaluation surplus from investment properties after-tax	58
(c) Excess of market value of listed entities over book value ⁽²⁾	84
(d) Excess of estimated market value of asset management business over book value ⁽²⁾	569
Total adjustment to book value	1,411
RNAV	6,953

Notes:

- (1) Book value adjusted for shareholder's loan in the amount of S\$620mm from F&N to FCL as of 30 September 2012
- (2) Based on market capitalisation of FCT and FCOT as of the IFA Reference Date (adjusted for ownership stake in FCT and FCOT of 41.0% and 27.6% respectively) of S\$671mm and S\$220mm respectively above carrying book value of FCT and FCOT of S\$807mm as of 30 September 2012
- (3) Based on LTM earnings for FCL's fee management business of S\$34.1mm times median LTM P/E multiple of 19.6x of asset management comparables, adjusted for current book value of fee management business on F&N's balance sheet amounting to S\$100mm

We set out below the detailed attributable after-tax net surplus figures for each of the F&N Group's properties based on updated Independent Valuers' estimates and Company guidance.

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(a) Net revaluation surplus from development properties after-tax

Development properties overview			
Asset List	Attributable after-tax net surplus (\$mm)	Asset List	Attributable after-tax net surplus (\$mm)
Singapore		Australia	
Seastrand	25.0	<u>Properties under development</u>	
Boathouse	34.2	Lumiere Residence	-
Flamingo Valley	75.5	Trio/Alexandra, City	-
Esparina Residences	51.1	Lorne Killara/Habitat	-
Soliel @ Sinaran	5.5	Putney Hill Stage 1	26.4
8 Courtyards	25.7	Queens Riverside (QI,II,III)	22.7
Waterfront Isles	67.6	One Central Park	52.6
Waterfront Gold	33.1	Park Lane	7.2
Waterfront Key	-	The Mark	8.9
Caspian	-		
8@Woodleigh	-	<u>Properties yet to be developed</u>	
Holland Park C2D1	-	Fraser/Sekisui House (Central Park)	-
Palm Isle	49.8	Non JV Landbank (Central Park)	-
Twin Waterfall	77.8	Killara Pavillions (pending approval)	-
ECO	30.9	Parramatta River Morton	-
Tampines Ave 10	-	Putney Hill (Remaining P) (launched)	-
WaterTown (Resi component)	17.9	Fraser's Landing Mandurah	-
Woodlands EC	-	Sub total	117.8
Starhub Centre	8.8		
Sub total	502.9		
China			
<u>Residential under development</u>			
Baitang One (1a)	35.1 ⁽¹⁾		
Baitang One (1b)			
<u>Residential yet to be developed</u>			
Baitang (P2)			
Baitang (P3-4)	0.3		
Shanshui 4 Seasons (P2-5)	38.8		
<u>Office/Business Park</u>			
Chengdu Logistic Park (P2-4)	4.6		
Sub total	78.8		

Note:

- (1) Represents the sum of the attributable after-tax net surplus for Baitang One (1a), (1b) and Baitang(P2) projects

(b) Net revaluation surplus from investment properties post-tax

Investment properties overview			
Asset List	Attributable after-tax net surplus (\$mm)	Asset List (hospitality)	Attributable after-tax net surplus (\$mm)
The Centrepont	-	Fraser Suites Singapore	-
Robertson Walk SC	-	Fraser Place Singapore	-
Valley Point SC	-	Fraser Suites Beijing	-
Changi City Point	25.4 ⁽¹⁾	Fraser Residence Sudirman	-
Alexandra Point	-	Fraser Place Manila	-
Valley Point	-	Fraser Place Canary Wharf	-
Waterway Point	-	Fraser's Queens Gate	-
Crosspoint, Beijing	18.5 ⁽¹⁾	Fraser Suites Edinburgh	-
Me Linh Point	-	Fraser Suites Glasgow	-
<u>Under construction</u>		Fraser Suites Kensington	-
Changi Business Park	-	Fraser Place Melbourne	- ⁽¹⁾
Sub total	43.9	<u>Capri Singapore</u>	13.9
		Sub total	13.9

Note:

- (1) Carried at cost and revaluation surplus computed based on valuation in Valuation Reports

(c) Asset management business

The F&N Group is also a manager of properties and listed REITs, through which it earns a management fee.

We considered the valuation ratios of selected listed companies (the “**Asset Management Companies**”) principally engaged in real estate fund management and which are, in our opinion, broadly comparable to the asset management business of the F&N Group. A summary profile of the Asset Management Companies is set out below:

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Company name	Description	Market cap ⁽¹⁾ (S\$mm)
Cohen & Steers Inc. ("Cohen & Steers")	<ul style="list-style-type: none"> Global investment management firm focused on global real estate securities, global listed infrastructure, real assets, large cap value stocks, and preferred securities Manages institutional accounts, open-end mutual funds and closed-end mutual funds 	1,661
ARA Asset Management Ltd. ("ARA")	<ul style="list-style-type: none"> Asia based real estate fund management company focused on the management of public-listed REITs and private real estate funds Portfolio spans across commercial, office, retail and industrial sectors 	1,245
APN Property Group ("APN")	<ul style="list-style-type: none"> Australia based real estate investment manager Engaged in investment, development and management of real estate and real estate securities on behalf of institutions, superannuation funds, high net worth and individual investors 	35

Source: Publicly available information including annual reports and company websites, and FactSet

Note:

- (1) Market capitalisation calculated based on share price and exchange rate from FactSet as of the IFA Reference Date multiplied by total ordinary shares outstanding as per the latest company filings

We wish to highlight that the Asset Management Companies comparables are not exhaustive and they differ from the F&N Group's asset management segment in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation ratios of the Asset Management Companies comparables set out below are based on their last transacted share prices as at the IFA Reference Date.

Chart 9 – Asset management trading comparables

Asset management trading comparables					
Company	Local currency (LC)	Price (LC)	Market cap (S\$mm) ⁽¹⁾	AUM / FUM (S\$mm) ⁽²⁾	LTM P/E ⁽³⁾
Cohen & Steers ⁽⁴⁾	USD	28.94	1,661	54.8	22.5x
ARA ⁽⁵⁾	SGD	1.62	1,245	21.5	19.6x
APN ⁽⁶⁾	AUD	0.17	35	2.7	7.4x
Mean					16.5x
Median					19.6x

Source: FactSet as of market close on IFA Reference Date and company filings

Notes:

- (1) Market capitalisation calculated based on share price from FactSet as of IFA Reference Date multiplied by total ordinary shares outstanding from the latest company filings
- (2) AUM represents assets under management and FUM represents funds under management
- (3) Net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings
- (4) AUM figure based on latest 10Q filings
- (5) Net income figures have been adjusted for extraordinary items including fair value losses on trading securities, loss on disposal of property, plant and equipment and impairment losses, at statutory tax rate of 17.0%. AUM figure reported as of 30 September 2012
- (6) Net income figures have been adjusted for extraordinary items including impairment of investments, special dividend and new business investigation costs, at Australia statutory tax rate of 30.0%. AUM reported as of 30 June 2012

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The P/E ratio has been chosen to value the asset management business as it is an earnings-based business. The valuation ratios of the asset management business are as set out below.

S\$mm unless otherwise specified	LTM P/E
Cohen & Steers	22.5x
ARA	19.6x
APN	7.4x
Maximum	22.5x
Minimum	7.4x
Median	19.6x
Asset management segment LTM net income (S\$mm)	34.1
Implied valuation of asset management segment based on the median valuation ratio (S\$mm)	669

We further wish to highlight that the underlying financial data used to calculate the P/E multiples in our analysis have been extracted from the relevant companies' financials, Bloomberg and FactSet as at the IFA Reference Date. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

We note as follows in relation to the sum-of-the-parts valuation for the Properties Business:

- The analysis assumes, *inter alia*, the hypothetical sale of the assets (including those properties which have been revalued) of the Company as at the IFA Reference Date. The Directors have confirmed to us that, save for the sale of the development properties in the ordinary course of its business, as at the IFA Reference Date, the Company does not have any plans for an impending material disposal and/or conversion of the use of the Company's assets and/or any material change in the nature of the Company's businesses; and
- The RNAV figures shown above include revaluation surpluses of select properties, which comprises revaluation surpluses of several unsold and/or uncompleted development properties. The Company may not have fully earned or realised the surpluses on such assets as at the IFA Reference Date. There is no assurance that any surpluses eventually recorded by the Company on such properties will be the same as that indicated above.

The Independent Directors may wish to advise Shareholders to read the above in conjunction with the Valuation Reports set out in Appendix V to the TCC Offeree Circular dated 11 October 2012.

The Directors have confirmed to us that to the best of their knowledge and belief:

- Save for the properties which have been revalued above, there are no material differences between the realisable value of the property segments other assets and their respective book values as at 30 September 2012 which would have a material impact on the historical book NAV of the Properties Business;

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- Save for those which have been disclosed publicly, there have been no material acquisitions and disposals of assets by the F&N Group's Properties Business between 30 September 2012 and the IFA Reference Date; and
- Other than that provided for in the Company's consolidated financial statements for the 12-month period ended 30 September 2012, there are no other contingent liabilities under the Properties Business which are likely to have a material impact on the historical book NAV of the Properties Business as at the IFA Reference Date.

In addition, we wish to highlight that the RNAV shown above includes the estimated revaluation surpluses on several unsold and/or uncompleted development properties. The Independent Directors should be aware that the F&N Group has not fully earned or realised the gains on such development properties as at the IFA Reference Date. The Independent Directors may wish to refer to the table set out in this section for the net surplus of the F&N Group's development properties. There is no assurance that the actual gains (if any) eventually recorded by the F&N Group on such development properties will be the same as that derived from the appraisals by the Company or the Independent Valuers. Furthermore, the revised values of the revalued properties are based either on the Valuation Reports or valuations performed or provided by the Company's management. We have placed sole reliance on such information provided to us by the Company's management in relation to the asset appraisal and do not assume any responsibility to inquire about the bases of such valuations or if the contents thereof have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness of such information. In particular, we do not assume any responsibility to update or procure updates to the Valuation Reports and have assumed, *inter alia*, that there are no changes to the circumstances in respect of the Properties since the date of the Valuation Reports that would warrant material changes to the information contained in the Valuation Reports (including but not limited to the valuations of the Properties) and do not purport to advise on whether any updates to the Valuation Reports may be appropriate.

(iii) Valuation ratios of listed comparable companies

As an alternative assessment of the valuation of the Properties Business, we consider the valuation ratios of selected listed companies (the "**Property Companies**") principally engaged in property development and listed on the SGX-ST, and which, in our opinion, are broadly comparable to the Properties Business. A summary profile of the Property Companies is set out below.

Company name	Description	Market cap ⁽¹⁾ (S\$mm)
CapitaLand Ltd. ("CapitaLand")	<ul style="list-style-type: none"> ■ The largest Singapore-listed properties business (by market capitalisation) with core business comprising the owning, managing and developing of real estate and hospitality assets in Asia Pacific, Middle East, Australia and Europe ■ Also engaged in investment management services in addition to managing six listed REITs and several private fund vehicles ■ Real estate portfolio includes residential, office, retail properties, serviced residences and mixed developments spread across 110 cities in over 20 countries 	15,812

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Company name	Description	Market cap ⁽¹⁾ (S\$mm)
City Developments Ltd. ("CDL")	<ul style="list-style-type: none"> Owns and manages a portfolio of residential and investment properties, in addition to hotels, across Asia, Europe, Middle East, North America and New Zealand/ Australia Global network includes over 300 subsidiaries and associated companies across 20 countries including a Singapore listed hospitality REIT – CDL Hospitality Trusts 	11,518
Keppel Land Ltd. ("Keppel Land")	<ul style="list-style-type: none"> Property developer arm of Keppel Corporation Develops office and residential properties in Singapore Has two property fund management vehicles, K-REIT Asia and Alpha Investment Partners with a total AUM of S\$15.1bn as at 30 June 2012 	5,868
UOL Group Ltd. ("UOL")	<ul style="list-style-type: none"> Develops residential and commercial properties in prime locations both in Singapore and overseas Manages hotels and service apartments through listed subsidiary, Pan Pacific Hotels Group 	4,485
United Industrial Corp. ("UIC")	<ul style="list-style-type: none"> Core business comprises property development and investment in Singapore and overseas including holdings in a listed subsidiary, Singapore Land Limited Portfolio includes commercial and retail properties as well as residential projects in prime and suburban areas 	3,928
Overseas Union Enterprise ("OUE")	<ul style="list-style-type: none"> Engages in hospitality services, property investment and property development Diversified real estate owner, developer and operator with residential, commercial and hospitality properties in Singapore, Malaysia and China 	2,484
GuocoLand Ltd. ("GuocoLand")	<ul style="list-style-type: none"> Core business comprises property development, property investment and property management Develops and invests in residential and commercial properties, and hospitality facilities in Singapore, China, Malaysia and Vietnam Manages a commercial REIT in Malaysia (Tower REIT) 	2,663
Wheelock Properties Ltd. ("Wheelock")	<ul style="list-style-type: none"> Owner, developer and manager of residential and commercial properties Focus is primarily on development of luxury residences 	2,387
Wing Tai Holdings Ltd. ("Wing Tai")	<ul style="list-style-type: none"> Core business comprises property investment and development, lifestyle retail and hospitality management in key Asian markets Portfolio comprises residential and commercial properties in addition to service residences under the brand name of Lanson Place in Singapore and overseas 	1,457

Source: Company description based on publicly available information including annual reports and company websites. Market capitalisation based on FactSet and company filings

Note:

- (1) Market capitalisation calculated based on share price from FactSet as of market close on the IFA Reference Date multiplied by total ordinary shares outstanding per latest company filings

We wish to highlight that the Property Companies are not exhaustive and they differ from the property segment of the F&N Group in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation ratios of the Property Companies set out below are based on their last transacted share prices as at the IFA Reference Date.

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Chart 10 – Property Companies trading comparables

Property Companies trading comparables							
Company name	Share price (S\$)	Market data and trading history			Trading multiples		
		Mkt cap. (S\$mm) ⁽¹⁾	52 week high (S\$)	% 52 week high	P/B ⁽²⁾	LTM P/E ⁽³⁾	P/RNAV ⁽⁴⁾
CapitaLand ⁽⁵⁾	3.72	15,812	3.75	99.2%	1.05x	24.1x	0.73x
CDL ⁽⁶⁾	12.07	11,518	12.17	99.2%	1.65x	18.6x	1.03x
Keppel Land ⁽⁷⁾	3.80	5,868	3.82	99.5%	1.05x	10.2x	0.71x
UOL ⁽⁸⁾	5.83	4,485	6.08	95.9%	0.79x	13.0x	0.74x
UIC ⁽⁹⁾	2.85	3,928	3.00	95.0%	0.88x	23.5x	1.29x
OUE ⁽¹⁰⁾	2.73	2,484	3.04	89.8%	0.80x	32.6x	0.68x
Wheelock ⁽¹¹⁾	2.00	2,387	2.05	97.3%	0.78x	18.0x	0.75x
GuocoLand ⁽¹²⁾	2.40	2,663	2.49	96.4%	1.13x	40.1x	N/A
Wing Tai ⁽¹³⁾	1.84	1,457	1.85	99.5%	0.64x	5.3x	0.59x
Mean					0.89⁽¹⁴⁾	20.6x	0.82x
Median					0.84⁽¹⁴⁾	18.6x	0.74x
				LTM financials (S\$mm) ⁽¹⁵⁾			
				Book NAV	Net income	RNAV	
Relevant metrics				5,542	264 ⁽¹⁶⁾	6,953	
Implied equity value				4,645	4,928	5,120	

Source: Latest company filings and FactSet as of market close on the IFA Reference Date

Notes:

- (1) Market capitalisation calculated based on share price from FactSet as of the IFA Reference Date multiplied by total ordinary shares outstanding from latest filings; Financials not adjusted for differences in accounting policies adopted, if any
- (2) Book value based on latest available filings
- (3) LTM net income as of 30 September 2012. Net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings
- (4) Based on median RNAV obtained from research reports. No recent research reports with RNAV forecast for GuocoLand
- (5) Reported profit after tax before minority interest (excluding revaluations and impairment). RNAV figure based on median of RNAV figures in HSBC (31 October 2012), J.P. Morgan (30 October 2012) and Maybank (31 October 2012) research reports
- (6) Financial information reflects data for the LTM ended 30 September 2012. Shares outstanding and net income figures are inclusive of preference shares. Net income figures have been adjusted for extraordinary items including fair value losses of financial assets and impairment losses; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in Bank of America Merrill Lynch (10 September 2012), CIMB (11 May 2012), DBS Group (15 August 2012) and Maybank (15 August 2012) research reports
- (7) Financial information reflects data for the LTM ended 30 September 2012. Net income figures have been adjusted for extraordinary items including fair value gains and corporate restructuring surplus; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in CIMB (18 October 2012), J.P. Morgan (18 October 2012), HSBC (18 October 2012) and Maybank (18 October 2012) research reports
- (8) Financial information reflects data for the LTM ended 30 September 2012. Net income figures have been adjusted for extraordinary items including business acquisition cost and negative goodwill on acquisition of interests in associate companies, fair value gains and impairment charges; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in DBS Group (9 November 2012), UBS (9 November 2012) and CIMB (8 November 2012) research reports
- (9) Financial information reflects data for the LTM ended 30 September 2012. Net income figures have been adjusted for fair value gains on investment properties. RNAV figure based on the RNAV figure in DBS Group (6 August 2012) research report

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- (10) Financial information reflects data for the LTM ended 30 September 2012. Net income figures have been adjusted for extraordinary items of fair value gains on investment properties and impairment losses; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in J.P. Morgan (7 November 2012) and UBS (9 November 2012) research reports.
- (11) Financial information reflects data for the LTM ended 30 September 2012. Net income figures have been adjusted for extraordinary items of exchange loss due to changes in fair value of forward exchange contracts, fair value changes of investment properties, plant, property and equipment written off and revaluation of bank loan and cash held in foreign currencies; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on the RNAV figure in CIMB (12 November 2012) research report
- (12) Financial information reflects data for the LTM ended 30 September 2012. Net income figures have been adjusted for extraordinary items of net change of fair value on derivative instruments and investment properties; 17.0% statutory tax rate of Singapore applied to adjustments. No recent research reports with RNAV forecast available for Guocoland
- (13) Financial information reflects data for the LTM ended 30 September 2012. Net income figures have been adjusted for extraordinary items of fair value gains on investment properties; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on the median RNAV figures in CIMB (30 October 2012), DBS Group (31 October 2012), and Maybank (31 October 2012) research reports
- (14) While computing mean and median of P/B values, CDL is excluded as investment properties are not restated on fair value basis
- (15) Financial information for Properties Business reflects data for the LTM ended 30 September 2012 as per Company's guidance
- (16) As per Company's guidance, net income for the Property Segment includes other non-allocable net income which are not meaningful

Given the asset intensive nature of the Company's core property development business, we consider NAV-based valuation methods such as P/B and P/RNAV as being more pertinent measures for assessing the OUE Offer Price relative to the earnings-based valuation methods such as P/E and EV/EBITDA. The annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

As at the IFA Reference Date, the Company holds a 100.0% shareholding interest in the issued share capital of FCL. We wish to highlight that a control premium may be imputed on the valuation of FCL given the majority controlling interest in FCL held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.

Based on the low to high median range of P/B, P/E and P/RNAV of the listed comparable companies of the Properties Business, the implied valuation of FCL ranges from approximately S\$4,645 million to S\$5,120 million.

(iv) Precedent transactions analysis

We have reviewed selected transactions between 1 January 2005 and the IFA Reference Date, involving the acquisitions of equity interests in companies that operate in the real estate sector in Asia Pacific, and for which information is publicly available (the **"Selected Real Estate Precedent Transactions"**). Furthermore, in order to compile a list of representative transactions, we have excluded transactions where the transaction sizes are less than US\$100 million. We have conducted our analysis on the basis of P/B and P/RNAV multiples as the key parameters for the comparison. A brief description of the companies selected for our analysis is set out below:

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Chart 11 – Selected Real Estate Precedent Transactions

Target	Date of announcement	Stake acquired	Description (at time of acquisition)
SC Global Developments	5-Dec-12	N.A.	■ SC Global is a public company limited by shares incorporated in Singapore and is listed on the Main Board of the SGX-ST. Its principal activity is investment holding focusing on real estate development and it is a developer of up-market residences. SC Global has completed residential projects in Singapore such as The Ladyhill, The Lincoln Modern, The Boulevard Residence, The 3e Thre3 Robin, The Marq on Paterson Hill, Hilltops and Martin No. 38. Development projects under construction in Singapore include Seven Palms, Sentosa Cove and Sculptura Ardmore located at Sentosa Cove and Ardmore Park respectively. SC Global also holds a substantial interest of over 50 percent in an ASX-listed residential developer, AVJennings Limited
Allgreen Properties Limited	23-May-11	44.3%	■ Allgreen Properties Ltd. is engaged in trading, food industries, manufacturing, real estate, hotels, shopping and the media businesses. It carries out its operations through the following business segments: Development Properties, Investment Properties, Hotel, and Others. The Development Properties segment develops properties for sale. The Investment Properties segment includes long-term holding of properties for rental and related income. The Hotel segment refers to owning and operating hotel. The Others segment includes project and property management, estate agent, general construction and interior works, supplying building and construction materials, advertising agent, and providing maintenance and housekeeping services. The company was incorporated in 1986 and is headquartered in Singapore
MCL Land Limited	26-Aug-10	22.6%	■ MCL Land Ltd. is engaged in property investment and development of the company. The company's business operation is located in Singapore and Malaysia. MCL Land was founded in 1963 and is headquartered in Singapore

Selected Real Estate Precedent Transactions

Announcement date	Target	Acquiror	Method	P/RNAV	P/B
5-Dec-12	SC Global Developments ⁽¹⁾	MYK Holdings Pte Ltd	VGO	N.A	1.15x ⁽⁴⁾
23-May-11	Allgreen Properties Limited ⁽²⁾	Brookvale Investments Pte Ltd	VGO	0.84x ⁽⁵⁾	0.96x ⁽⁶⁾
29-Aug-10	MCL Land Limited ⁽³⁾	Hongkong Land Holdings	Voluntary delisting	0.75x ⁽⁷⁾	0.90x ⁽⁸⁾
Mean				0.80x	1.00x
Median				0.80x	0.96x
LTM financials (\$m)					
				P/RNAV	P/B
Relevant metrics				6,953	5,542
Implied equity value				5,535	5,321

Source: Dealogic, relevant offer documents

Notes:

- (1) P/B based on offer price of S\$1.80
- (2) P/B and P/RNAV based on offer price of S\$1.60 per share
- (3) P/B and P/RNAV based on offer price of S\$2.45 per share
- (4) P/B based on unaudited NAV per share of S\$1.56 as at 30 September 2012

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- (5) P/RNAV based on RNAV per share of S\$1.90 which includes the revaluation surpluses on revalued properties, which comprise revaluation surpluses on several unsold and/or uncompleted development properties. The company may not have fully earned or realised the surpluses on such assets as at the latest practicable date of 17 June 2011
- (6) NAV based on the company's unaudited consolidated financial statements for the 3 months ending 31 March 2011. Unaudited NAV of the Company as at 31 March 2011 was approximately S\$2,569.45 million (adjusted having regard to the dividend declared on 28 April 2011 and paid on 20 May 2011) or approximately S\$1.62 per share
- (7) P/RNAV based on discounted RNAV of S\$3.25 per share which includes the estimated revaluation surpluses on several unsold and/or uncompleted development properties. There is no assurance that the actual gains (if any) eventually recorded by the group on such development properties will be the same as that derived from the appraisals by the Independent Valuers
- (8) NAV of approximately US\$701.4mm based on the company's latest unaudited consolidated financial statements as at September 30 2010, the group's development properties, investment properties and investments in joint venture companies. Of the total NAV, development properties contributes US\$657.6mm, investment properties contributes US\$16.9mm and investments in joint venture companies contributes US\$26.9mm. The NAV of the group has been determined based on its existing income recognition policy as well as its unaudited NAV determined on the alternative POC method as computed by the management of the company. The above calculations have been based on the exchange rate of US\$1: S\$1.32 as at 30 September 2010

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay in a general offer, merger or takeover transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of or potential for competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

The Independent Directors should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or relative need for control leading to compulsory acquisition.

The Selected Real Estate Precedent Transactions are provided for illustrative purposes only. The Selected Real Estate Precedent Transactions and the acquired companies may not be directly comparable with the property segment of the F&N Group and may vary with respect to, amongst other factors: the geographical spread of activities, business mix and model within the real estate sector, scale of operations, asset intensity, accounting policies, risk profile, track record and future prospects. Accordingly, the Selected Real Estate Precedent Transactions may not provide a meaningful basis for valuation comparison. We further wish to highlight that underlying financial data used to calculate the P/B and P/RNAV multiples in our analysis have been extracted from the relevant transactions' public filings and announcements. JPMSEAL makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

Based on the low to high median range of P/B and P/RNAV of the precedent transaction comparables of the Properties Business, the implied valuation of FCL will range from approximately S\$5,321 million to S\$5,535 million.

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9.10.2 Food and Beverage

The Food and Beverage business division (the “**F&B Division**”) of the F&N Group produces, markets and sells beer beverages and non-beer beverages and products (the latter comprising soft drinks, dairies and ice cream). The business activities and operations of the non-beer division are mainly conducted through Bursa Malaysia-listed Fraser & Neave Holdings Bhd (“**F&NHB**”). The activities and operations of the beer division are conducted through Myanmar Brewery Limited (“**MBL**”). On 15 November 2012, F&N completed the APB Sale. The proceeds of S\$5,591 million from the APB Sale are included in the valuation of the F&B Division as the APBL and APIPL Proceeds.

Given the unique profile of the F&B Division whereby the F&B Division is engaged in diverse businesses, we consider it appropriate to value each of the F&B Division’s businesses separately to arrive at an aggregate valuation of the F&B Division on a sum-of-the-parts basis. We have arrived at a range of valuation for the division rather than a single specific value as this will provide a more objective measure of the value of the F&B Division taking into account, *inter alia*, market price volatility of the listed entities under the F&B Division and the F&B Division’s unlisted businesses which are sensitive to general stock market and economic conditions.

Our valuation methodologies for each of the F&B Division’s businesses are further set out from Section 9.10.2 of this letter. We set out below a summary of our sum-of-the-parts valuation of the F&B Division.

Chart 12 – F&B Division summary of the sum-of-the-parts valuation

F&B Division summary of the sum-of-the-parts valuation		
Company name	Lower (S\$ million)	Upper (S\$ million)
(A) F&NHB	1,366	1,867
(B) F&N Non-Beer (others) (“ F&B Singapore ”)	48	874
(B) Vietnam Dairy Products Joint Stock Company (“ Vinamilk ”)	247	422
(C) MBL	217	657
Total valuation of F&B Business	1,877	3,820
(C) APBL and APIPL Proceeds	5,591	5,591
Total valuation of F&B Division	7,468	9,411

(A) F&NHB

F&N’s non-beer business in Malaysia began in 1961 under F&NHB, a 56.0% subsidiary listed on the Bursa Malaysia. A leading non-alcoholic player in Malaysia, F&NHB engages primarily in the manufacture, distribution, marketing and sale of soft drinks and dairy products in Malaysia and Thailand. It is also involved in property development activities.

Under licence from F&N, F&NHB offers carbonated soft drinks under F&N brand, isotonic beverage under 100PLUS brand, non-carbonated drinks under F&N SEASONS and F&N FRUIT TREE brands, and water under F&N ICE MOUNTAIN brand. F&NHB is also the exclusive distributor of RED BULL energy drinks in Malaysia.

F&NHB’s dairies portfolio is made up of many leading brands including F&N, GOLD COIN and TEAPOT sweetened condensed milk and evaporated milk. There are also third party licensed brands namely, BEAR, CAP JUNJUNG, IDEAL and CARNATION. It also includes liquid milk products under F&N’s FARMHOUSE and F&N MAGNOLIA brands as well as licensed BEAR brand. Other products in the pasteurised segment include juices under the F&N FRUIT TREE FRESH and licensed SUNKIST brand.

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In 2010, F&NHB acquired a 23.08% equity interest in Cocoland Holdings Berhad, whose principal activities include the manufacture, trading and distribution of food and food-related products and beverages.

We note that the Offeror has not indicated whether it has received exemption from the Securities Commission of Malaysia with regards to a downstream offer for the remaining outstanding shares of F&NHB as a consequence of the Offeror acquiring control of F&N where the OUE Offer becomes unconditional in all respects.

We note that for the purpose of valuation of F&NHB, we have utilised the following methodologies:

- (i) Historical share price and trading analysis**
- (ii) Precedent Malaysia general offer analysis**

(I) We note the following key considerations in reference to the valuation of the F&NHB business:

- The closing prices of the F&NHB Shares (as defined below) traded within a range of RM16.80 and RM20.86 over the trailing twelve months prior to the IFA Reference Date which implies an equity value between S\$1,366 million and S\$1,696 million of the F&N Group's 56.0% stake in F&NHB based on an exchange rate of 1 RM to 0.3993 S\$ as of the IFA Reference Date; and
- The current market capitalisation as of the IFA Reference Date implies an equity value of the F&N Group's 56.0% stake in F&NHB based on an exchange rate of 1 RM to 0.3993 S\$ as of the IFA Reference Date of approximately S\$1,530 million.

(II) Selected Malaysia general offer precedent transactions premia of relevant time periods have been applied to the closing price of the F&NHB Shares as of the Unaffected Share Price Date for F&N Group's 56.0% stake in F&NHB based on an exchange rate of 1 RM to 0.3993 S\$.

We note that:

- A premium of approximately 15%, representing the median 1-day offer premium in selected precedent Malaysia general offers, to the closing price of the F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,676 million of the F&N Group's 56.0% stake in F&NHB;
- A premium of approximately 24%, representing the median 1-month offer premium in selected precedent Malaysia general offers, to the closing price of the F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,814 million of the F&N Group's 56.0% stake in F&NHB;
- A premium of approximately 25%, representing the median 3-month offer premium in selected precedent Malaysia general offers, to the closing price of the F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,823 million of the F&N Group's 56.0% stake in F&NHB; and

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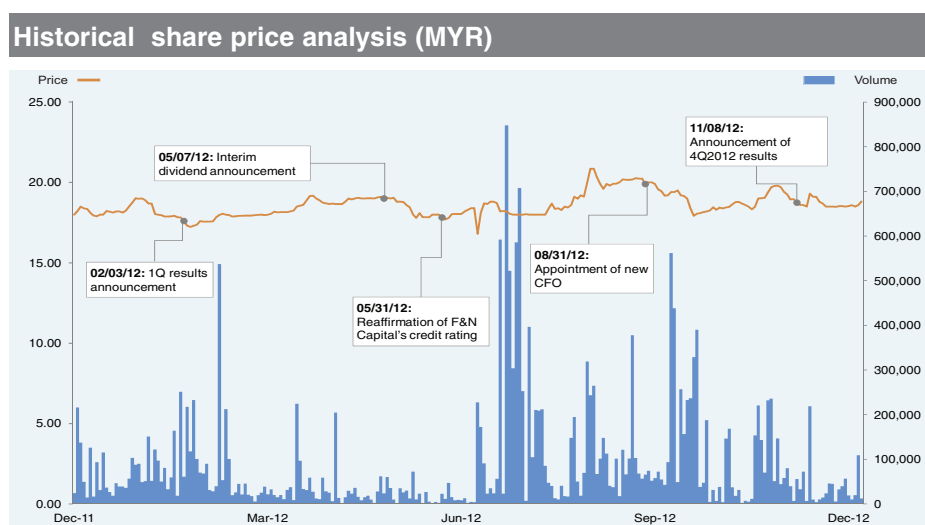
- A premium of approximately 28%, representing the median 6-month offer premium in selected precedent Malaysia general offers, to the closing price of the F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,867 million of the F&N Group's 56.0% stake in F&NHB.

In arriving at our sum-of-the-parts valuation for the F&N Group we have used a range of values for the F&NHB business between S\$1,366 million and S\$1,867 million.

(i) Historical share price and trading analysis

The trend of the daily last transacted prices of the shares of F&NHB (the "**F&NHB Shares**") for the past 1 year leading up to the IFA Reference Date is set out below.

Chart 13 – F&NHB historical share price analysis



Source: Bloomberg as of the IFA Reference Date

Notes:

- **3 February 2012: Announcement of 1Q2012 results**
 - Release of quarterly financial report for the three months ended 31 December 2011 being the first quarter for the financial year 2011/2012
- **7 May 2012: Announcement of interim dividend**
 - F&NHB announced an interim single tier dividend of 20 sen per share
- **31 May 2012: Reaffirmation of F&N capital credit rating**
 - RAM Ratings reaffirmed the respective long and short-term ratings of AA1(s) and P1(s) for F&N Capital Sdn Bhd's RM1 billion Commercial Papers/Medium-Term Notes Program (2008/2015) for the fourth consecutive year. F&N Capital Sdn Bhd is the wholly-owned treasury company of F&NHB
- **31 August 2012: Appointment of new Chief Financial Officer**
 - F&NHB announced the retirement of Joseph Tan Eng Guan as Chief Financial Officer. Mr Tan started his career in taxation, auditing and management consultancy among the big four accountancy firms. In 1984, he joined Tan Chong Motor Holdings Bhd, served in several capacities covering operations, sales, marketing and general management and was appointed as General Manager, Group Finance cum Company Secretary. He then joined F&NHB in 2007 as Chief Financial Officer and also acted as joint Company Secretary and is a Director in all the boards of the major subsidiaries and associated company of F&NHB Group.
 - Appointment of Soon Wing Chong as new Chief Financial Officer. Mr Soon has over 25 years experience in Finance in various industries. He started his first career at KPMG and subsequently progressed further with Inchcape Eastern Agencies, DHL Worldwide Express, Western Digital and Dutch Lady Industries. Prior to joining F&NHB, he was the Chief Financial Officer of Hong Leong Industries Berhad

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■ 8 November 2012: Announcement of 4Q2012 results

- F&NHB announced the release of the quarterly financial report for the quarter and the year ended 30 September 2012

Based on the above historical price analysis, we note that over the trailing twelve months prior to the IFA Reference Date, the closing prices of the F&NHB Shares traded within a range of RM16.80 and RM20.86 which implies an equity value between S\$1,366 million and S\$1,696 million of the F&N Group's 56.0% stake in F&NHB based on an exchange rate of 1 RM to 0.3993 S\$ as of the IFA Reference Date.

The VWAP and trading volume of the F&NHB Shares for the past 1 year leading up to the IFA Reference Date is set out below.

F&NHB VWAP and trading volume

	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume (‘000s)
Periods prior to Unaffected Share Price Date (16 July 2012)				
Last 1 year	7.04	7.87	6.35	99
Last 6 months	7.21	7.66	6.71	87
Last 3 months	7.24	7.63	6.71	100
Last 1 month	7.22	7.51	7.19	260
Last transaction price prior to Unaffected Share Price Date ⁽¹⁾	7.19	7.23	7.19	85
Periods prior to OUE Offer Announcement Date (15 November 2012)				
Last 1 year	7.41	8.33	6.71	88
Last 6 months	7.53	8.33	6.71	116
Last 3 months	7.66	8.09	7.15	110
Last 1 month	7.64	7.91	7.31	80
Last transaction price prior to OUE Offer Announcement Date ⁽¹⁾	7.39	7.45	7.39	7
Periods after OUE Offer Announcement Date				
Between OUE Offer Announcement Date and IFA Reference Date	7.49	7.71	7.38	38
IFA Reference Date ⁽¹⁾	7.51	7.51	7.41	12

Source: Bloomberg. VWAPs and share prices converted to S\$ based on MYR: S\$ exchange rate from FactSet as of the IFA Reference Date

Note:

(1) Refers to last closing price

We wish to highlight that a control premium may be imputed on the market valuation of F&NHB given the majority controlling interest in F&NHB held by F&N Group. We have however not applied any control premium as the quantification of such a premium is highly subjective. We note that the stock price is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.

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We note that there is no assurance that the price of the F&NHB Shares will remain at current levels after the close or lapse of the OUE Offer. In addition, we note that our analysis of the past price performance of the F&NHB Shares is not indicative of the future price performance levels of the F&NHB Shares, which will be governed by amongst other factors, the performance and prospects of F&NHB, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

As at the IFA Reference Date, the Company holds 56.0% shareholding interest in the issued share capital of F&NHB. Accordingly, based on the current market capitalisation as of the IFA Reference Date, the implied valuation of the Company's stake in F&NHB is approximately S\$1,530 million based on an exchange rate of 1 RM to 0.3993 S\$ as of the IFA Reference Date.

(ii) Precedent Malaysia general offer analysis

We have looked at selected general offers in Malaysia which were announced and completed between 1 January 2007 and the IFA Reference Date, and where the transaction size implied by the respective offer is greater than S\$100 million.

Chart 14 – Selected precedent Malaysia general offer transactions

Selected precedent general offer transactions in Malaysia (2007–2012 year to-date)

Ann date	Target	Acquirer	Premium (discount) to pre-announcement share price			
			Closing 1 day	1-month	VWAP	
					3-month	6-month
08-Oct-12	Latexx Partners ⁽¹⁾	Semperit AG Holding	28%	37%	38%	44%
30-Jul-12	Bandar Raya Developments ⁽²⁾	Ambang Sehati	15% ⁽⁵⁾	18%	21%	22%
10-Jul-12	Adventa Bhd ⁽³⁾	Southern Capital Group	30%	41%	47%	35%
16-Jan-12	Proton Holdings ⁽⁴⁾	DRB-HICOM	6% ⁽⁵⁾	13%	27%	29% ⁽⁶⁾
27-Oct-11	Hirota Holdings ⁽⁷⁾	Med-Bumikar Mara	10%	33%	29%	28%
17-Oct-11	Leader Universal Holdings ⁽⁸⁾	HNG Capital	31%	45%	41%	34%
15-Jun-11	HPI Resources ⁽⁹⁾	Oji Paper Co	12%	25%	32%	42%
11-Jan-11	Asia Pacific Land ⁽¹⁰⁾	Low Chuan Holdings	10%	15%	17%	25%
24-Nov-10	Sunway Holdings ⁽¹¹⁾	Sunway Berhad	16%	24%	38%	N/A
18-Nov-10	Leong Hup Holdings ⁽¹²⁾	Emerging Glory	7%	9%	13%	18% ⁽⁶⁾
04-Nov-10	Sunrise ⁽¹³⁾	UEM Land Holdings	21%	33%	38%	29% ⁽⁶⁾
30-Jul-10	Tanjong plc ⁽¹⁴⁾	Tanjong Capital	22%	25%	24%	23%
16-Jul-10	Titan Chemicals Corp ⁽¹⁵⁾	Honam Petrochemical Corp	32%	43%	56%	64%
11-Jun-10	Pharmaniaga ⁽¹⁶⁾	Boustead Holdings	13%	10%	15%	35% ⁽⁶⁾
17-May-10	M3nergy ⁽¹⁷⁾	Adamus Avenue	9%	15%	19%	23% ⁽⁶⁾
30-Mar-10	EON Capital ⁽¹⁸⁾	Hong Leong Bank	11%	18%	25%	36% ⁽⁶⁾
17-Mar-10	Astro All Asia Networks ⁽¹⁹⁾	Astro Holdings	24%	25%	30%	28%
08-Sep-08	UEM Builders ⁽²⁰⁾	Khazanah Nasional	15% ⁽⁵⁾	15%	11%	1% ⁽⁶⁾
08-Sep-08	Cement Industries of Malaysia ⁽²¹⁾	Khazanah Nasional	7%	8%	9%	9% ⁽⁶⁾

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Selected precedent general offer transactions in Malaysia (2007–2012 year to-date)

Ann date	Target	Acquirer	Premium (discount) to pre-announcement share price			
			Closing 1 day	VWAP		
				1-month	3-month	6-month
27-Mar-08	Ladang Perbadanan-Fima ⁽²²⁾	Kuala Lumpur Kepong	9%	11% ⁽⁶⁾	11%	3%
31-Jan-08	Putrajaya Perdana ⁽²³⁾	UBG	14% ⁽⁵⁾	24%	26%	28% ⁶
30-Aug-07	Edaran Otomobil Nasional ⁽²⁴⁾	DRB-HICOM	15%	34%	4%	(12)% ⁽⁶⁾
13-Aug-07	Malaysian Industrial Development Finance ⁽²⁵⁾	Permodalan Nasional	41% ⁽⁵⁾	27%	27%	28% ⁽⁶⁾
07-Jun-07	Courts Mammoth ⁽²⁶⁾	Malaysia Retail Group	2%	12%	13%	11% ⁽⁶⁾
27-Apr-07	Petaling Garden ⁽²⁷⁾	Permodalan Nasional	16%	27% ⁽⁶⁾	37%	39% ⁽⁶⁾
06-Mar-07	Rashid Hussain ⁽²⁸⁾	Employees Provident Fund	3%	3%	5%	11%
21-Feb-07	Malaysian Oxygen ⁽²⁹⁾	Linde AG	16%	20% ⁽⁶⁾	20%	20% ⁽⁶⁾
Mean			16%	23%	25%	25%
Median			15%	24%	25%	28%
Max			41%	45%	56%	64%
Min			2%	3%	4%	(12)%

Source: Dealogic, Bloomberg, and relevant offer documents. Includes Malaysia general offer transactions above S\$100mm in value and excludes schemes of arrangement and voluntary delistings

Notes:

- (1) Time reference in calculating the premia is 5 October 2012, being the last trading day prior to the service of the notice of a conditional takeover offer, on which the shares of Latexx Partners Berhad ("**Latexx**") were traded on Bursa Malaysia. On 8 October 2012, Latexx announced that it had received a conditional take-over from Semperit Investments Asia Pte Ltd to acquire all the remaining Latexx Shares (excluding treasury shares), all the remaining outstanding warrants 2007/2017 and any new Latexx shares that may be issued arising from the exercise, before the close of the offer, of the outstanding warrants and outstanding options under its employee share options scheme for a cash consideration of RM2.30 per offer share and RM1.77 per offer warrant
- (2) Time reference in calculating the premia is 30 July 2012, being the date of the announcement made by Bandar Raya Developments Berhad ("**BRDB**") stating that Ambang Sehati was in the midst of finalising the financing, which included procuring the necessary approvals for the funding of the potential take-over of BRDB and the indicative offer prices for the BRDB shares and BRDB warrants. On 30 July 2012, BRDB announced that its substantial shareholder, Ambang Sehati, was in the midst of finalising the financing, which included procuring the necessary approvals for the funding of the potential take-over of BRDB. On 30 August 2012, Ambang Sehati announced its intention to undertake a conditional take-over offer to acquire 81.51% of the issued and paid-up capital of BRDB at RM2.90 per share and approximately 80.87% of the total outstanding BRDB warrants at RM1.80 per share
- (3) Time reference in calculating the premia is 5 July 2012, being the last trading date prior to the initial announcement by Aspion Sdn Bhd ("**Aspion**") to acquire all of the business and undertaking, including all assets and liabilities, of Adventa Berhad ("**Adventa**"). On 10 July 2012, Adventa announced that it had received an offer letter dated 9 July 2012 from Aspion setting out an offer to acquire all of the business and undertaking, including all assets and liabilities of Aspion. Subsequently, on 23 July 2012, following discussions between Adventa and Aspion, a revised offer letter from Aspion was received. Aspion would acquire all of the business and undertaking (including assets and liabilities) other than the excluded business which was all of the shares in the capital of Sun Healthcare Sdn Bhd ("**SHMB**") and 100% of the shares in the capital of Electron Beam Sdn Bhd ("**EBSB**") at a cash consideration of RM2.10 per share

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- (4) Time reference in calculating the premia is 13 January 2012, being the last full trading day prior to the announcement by DRB-HICOM Berhad ("**DRB-HICOM**") to acquire 42.74% of the issued and paid-up capital of Proton Holdings Berhad ("**Proton**") for RM5.50 per share. On 16 January 2012, DRB-HICOM entered into a conditional share sale and purchase agreement with Khazanah Nasional Berhad to acquire 42.74% of the issued and paid-up capital of Proton for RM5.50 per share. Subsequently, on 17 January 2012, DRB-HICOM acquired approximately 7.27% of the issued and paid-up capital of Proton, resulting in approximately 50.01% upon completion of the acquisition and triggering a mandatory take-over offer for all the remaining Proton shares not already owned by DRB-HICOM
- (5) Premium over the closing price of the share on the relevant reference date
- (6) VWAP calculated as total daily trading value divided by total daily trading volume for the relevant period
- (7) Time reference in calculating the premia is 25 October 2011, being the last full trading day prior to the announcement by MBM Resources Berhad ("**MBM**") to acquire all the outstanding Hirotake Holdings Berhad ("**HHB**") shares and warrants at a price of RM0.97 per share and RM0.05 per warrant. On 27 October 2011, MBM served the notice to the board of HHB informing them of MBM's intention to undertake a conditional take-over offer for all the HHB shares (excluding treasury shares), all the new HHB shares that may be issued prior to the closing date arising from the exercise of the outstanding warrants and all the outstanding warrants for a cash consideration of RM0.97 per share and RM0.05 per warrant
- (8) Time reference in calculating the premia is 14 October 2011, being the last full trading day prior to the announcement of an offer by HNG Capital Berhad ("**HNGC**") to acquire Leader Universal Holdings Berhad ("**Leader**") for RM1.10 per share. On 17 October 2011, the board of Leader announced that Leader had on the same date, received an offer from HNGC to acquire the Leader business for a total consideration of RM480,104,517.20 which represents RM1.10 per Leader share
- (9) Time reference in calculating the premia is 14 June 2011, being the last full trading day prior to the announcement by Oji Paper Asia Sdn Bhd ("**Oji**") to undertake a conditional take-over offer of HPI Resources Berhad ("**HPI**"). On 15 June 2011, Oji served the notice on the board of HPI, informing Oji's intention to undertake a conditional take-over offer to acquire all of HPI shares for a cash consideration of RM4.40 per offer share
- (10) Time reference in calculating the premia is 10 January 2011, being the last trading date prior to the date of announcement of the offer by Low Chuan Holdings Sdn Bhd ("**LCHSB**") to acquire the entire business and undertakings of Asia Pacific Land Berhad ("**AP Land**") for a total purchase consideration equivalent to RM0.45 per share. On 11 January 2011, the board of AP Land announced that it had received an offer letter from LCHSB to acquire the entire business and undertakings, including all of the assets and liabilities of AP Land for a total purchase consideration of RM305,218,080.90 that is equivalent to RM0.45 per AP Land share multiplied by the total number of AP Land shares in issue (less treasury shares) as at the completion date of the proposed disposal
- (11) Time reference in calculating the premia is 22 November 2010, being the last trading day prior to the offer by Sunway Berhad to acquire Sunway Holding's business. On 24 November 2010, Sunway Holdings received an offer from Sunway Berhad relating to a proposed disposal of Sunway Holdings' business to Sunway Berhad at a consideration equivalent to RM2.60 per share (less treasury share, if any) multiplied by the total outstanding shares
- (12) Time reference in calculating the premia is 16 November 2010, being the last trading date prior to the date of the announcement of the offer from Emerging Glory Sdn Bhd ("**EGSB**") to acquire the entire business of Leong Hup Holdings Berhad ("**LHHB**") for a consideration of RM1.80 per share. On 18 November 2010, the Board announced that LHHB had on the same date, received a letter from EGSB detailing the offer to acquire the LHHB business for an aggregate purchase consideration equivalent to RM1.80 per LHHB share multiplied by the total outstanding LHHB shares (less treasury shares, if any) as at the completion date of the proposed disposal
- (13) Time reference in calculating the premia is 2 November 2010, being the last full trading day prior to the date of the notice of UEM Land Holdings Berhad ("**ULHB**")'s intention to undertake a conditional take-over offer to acquire Sunrise Berhad. On 4 November 2010, ULHB served the notice on the Sunrise Board informing Sunrise of ULHB's intention to undertake a conditional take-over offer to acquire all the Sunrise shares (excluding treasury shares) not already owned by ULHB at an offer price of RM2.80 per offer share
- (14) Time reference in calculating the premia is 27 July 2010, being the last trading day for Tanjong Public Limited ("**Tanjong**") shares before the date of the notice of Tanjong Capital Sdn Bhd ("**TCSB**")'s intention to undertake a conditional take-over offer to acquire Tanjong. On 30 July 2010, TCSB serve the notice on the Tanjong Board informing Tanjong of TCSB's intention to undertake a conditional take-over offer to acquire all voting shares of Tanjong, comprising the entire existing issued and fully paid-up Tanjong shares as at the date of the offering document at an offer price of RM21.80 per offer share
- (15) Time reference in calculating the premia is 14 July 2010, being the last full trading day prior to the suspension of Titan Chemicals Corp Bhd ("**Titan**") shares for the announcement of the acquisition of 72/3% of Titan shares by Honam. On 16 July 2010, Honam entered into a sale and purchase agreement with Union Harvard Investments S.R.L., CGDC Investments Corporation, Permodalan Nasional Berhad and Amanah Raya Trustees Berhad (as trustee for Skim Amanah Saham Bumiputera, Amanah Saham Wawasan 2020, Amanah Saham Malaysia, Amanah Saham

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Didik and Sekim Amanah Saham Nasional), collectively the “vendors”, to acquire a total of 1,249,603,888 Titan share, representing approximately 72.32% of the issued and paid-up capital of Titan (excluding all the treasury shares held by Titan), for a cash consideration of RM2.35 per Titan share

- (16) Time reference in calculating the premia is 10 June 2010, being the trading day prior to the announcement of the acquisition by Boustead Holdings Berhad (“**BHB**”) of UEM Group Berhad (“**UEM**”)’s entire equity interest in Pharmaniaga Berhad (“**Pharmaniaga**”). On 11 June 2011, BHB had entered into a conditional sale and purchase agreement in relation to the acquisition by BHB of UEM’s entire equity interest in Pharmaniaga of 92,868,619 Pharmaniaga shares representing approximately 86.81% of the issued and paid-up share capital in Pharmaniaga for a cash consideration of RM5.75 per share. On 17 March 2011, being the date on which the sale and purchase agreement became unconditional, notice was served on the board of Pharmaniaga to inform of BHB’s obligation to undertake a mandatory take-over offer to acquire all the remaining shares not already owned by BHB as at the date of the notice by BHB
- (17) Time reference in calculating the premia is 14 May 2010, being the last trading day before the serving of the notice by Adamus Avenue Sdn Bhd (“**AASB**”) on the board of M3nergy for all the existing shares of M3nergy not already owned or held by AASB. On 17 May 2010, AASB served the notice on the board of M3nergy, notifying M3nergy of AASB’s intention to undertake a conditional take-over offer to acquire all the existing 126,658,172 shares not already owned or held by AASB (excluding 828,200 treasury shares held by M3nergy), as at 7 May 2010, being the latest practicable date prior to the date of the notice, and any new shares that may be issued and allotted to eligible employees and directors by M3nergy pursuant to the exercise of up to 6,116,600 employee share options under its employee share options scheme in accordance with the provisions of its by-laws for a cash consideration of RM1.85 per share
- (18) Time reference in calculating the premia is 17 December 2009, being the day Hong Leong Bank Berhad (“**HLBB**”) announced that it had received approval from Bank Negara Malaysia (“**BNM**”) to commence negotiations with certain shareholders of EON Capital Berhad (“**EONCAP**”) for a potential acquisition of EONCAP’s assets and liabilities. On 21 January 2010, the Board of EONCAP received an unsolicited offer from HLBB to acquire the entire assets and liabilities of EONCAP and EONC Bank, including EONCAP’s equity interest in EON Bank, for the purpose of merging the licensed entities under the EONCAP Group with HLBB group. After consideration of the first offer, the board of EONCAP had on 2 February 2010, announced that after fully consulting its advisers and considering all available information, the Board had resolved that the offer was not in the interests of EONCAP and its shareholders. On 30 March 2010, the board of EONCAP received a second unsolicited offer from HLBB to acquire the entire assets and liabilities of EONCAP for a cash consideration of RM4,921,781,997.20 at a per share price of RM7.30
- (19) Time reference in calculating the premia is 12 March 2010, being the last full trading day of Astro All Asia Networks PLC (“**Astro**”) before the date of the notice served on the Astro Board by Astro Holdings Sdn Bhd (“**AHSB**”) to acquire all the voting shares in Astro at a cash offer price of RM4.30 per share. On 17 March 2010 AHSB had served the notice on Astro’s Board, informing of AHSB’s intention to undertake a conditional take-over offer to acquire all the voting shares of Astro comprising the entire existing issued and paid-up Astro shares as at the date of the offer document and any new Astro shares that may be issued arising from the exercise, for a cash consideration of RM4.30 per share
- (20) Time reference in calculating the premia is 12 February 2008, being the last full trading day prior to the announcement by UEM World Berhad (“**UEM World**”), a listed subsidiary of UEM Group Berhad, of the proposed non-renounceable restricted offer for sale of all of the ordinary shares held by UEM World in its listed subsidiaries in Malaysia, which includes UEM Builders Berhad (“**UEM Builders**”) at an offer price of RM1.42 per UEM for each UEM Builders Share to the shareholders of UEM World on a rights basis
- (21) Time reference in calculating the premia is 5 September 2008, being the last trading day prior to the service of the notice of mandatory conditional takeover offer, on which the shares of Cement Industries of Malaysia Bhd (“**CIMA**”) were traded on Bursa Malaysia. On 8 September 2008, UEM Group Bhd (“**UEM Group**”) has served a notice of conditional takeover offer to acquire all of the remaining ordinary shares of RM1.00 each in CIMA not already owned by UEM Group, for a cash consideration of RM6.26 per share
- (22) Time reference in calculating the premia is 25 March 2008, being the last trading day prior to the announcement of the full and final settlement of the civil suits involving the sale by Glamor Green Sdn Bhd (“**GGSB**”) of the GGSB Ladang Perbadanan-FIMA Berhad (“**LPF**”) shares to Ablington Holdings Sdn Bhd (“**AHSB**”) and, interconditional with the previous, a redemption by GGSB of the GGSB LPF shares from AmBank. On 14 December 2004, pursuant to a purchase undertaking dated 30 November 2004 (executed by Kuala Lumpur Kepong (“**KLK**”) in favor of AmBank), AHSB acquired 35,000,000 of the GGSB LPF shares representing 30.62% equity interest of LPF for a purchase consideration of RM99.75 million or RM2.85 per share. GGSB commenced legal action against AmBank, KLK and AHSB to restrain the completion of the sale of these LPF shares. After a lengthy court dispute, GGSB, AmBank and KLK mutually agreed to settle the dispute which led to the 2nd settlement agreement on 27 March 2008 whereby AHSB agreed to purchase the GGSB LPF shares at RM4.20 per share. The 2nd settlement agreement became unconditional on 17 April 2008. AHSB was required to extend a take-over offer for the remaining LPF shares not already owned by AHSB. As such, on 17 April 2008, the supplemental notice was served by AHSB to acquire the remaining LPF shares not already owned by AHSB and its concert parties for a cash consideration of RM4.20 per share

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- (23) Time reference in calculating the premia is 30 January 2008, being the last trading day on which shares of Putrajaya Perdana Bhd ("**PPB**") were traded on Bursa Malaysia, prior to the announcement of a share sale agreement to acquire PPB shares from Swan Symphony by UBG Bhd ("**UBG**"). On 18 July 2008, the agreement became unconditional and UBG served a notice of conditional offer to acquire all of remaining PPB shares which are not already held by UBG, for a cash consideration of RM4.85 per share
- (24) Time reference in calculating the premia is 29 August 2007, being the last full trading day prior to the announcement by HICOM Holdings Berhad ("**HICOM**"), effectively a 100% owned subsidiary of DRB-HICOM, for the proposed acquisition of 50,034,900 Edaran Otomobil Nasional Berhad ("**EON**") shares representing 20.09% equity interest in EON for a cash consideration of RM2.10 per share. On 1 November 2007, HICOM served the notice on the board of EON, informing of HICOM's obligation to extend the offer to acquire all the EON shares not already owned by HICOM upon completion of the initial EON acquisition
- (25) Time reference in calculating the premia is 10 August 2007, being the last trading day prior to the suspension of trading of Malaysian Industrial Development Finance Berhad ("**MIDF**") shares on 13 August 2007. On 13 August 2007, Permodalan Nasional Berhad ("**PNB**") announced a conditional take-over offer to acquire all the remaining MIDF shares, not already owned by PNB, representing approximately 79.98% of the issued and paid-up capital of MIDF as at 10 August 2007, and all the new MIDF shares that may be allotted and issued up to the closing date pursuant to the exercise of outstanding options granted to the employees of MIDF under its employee share options scheme, for a cash consideration of RM1.90 per share
- (26) Time reference in calculating the premia is 6 June 2007, being the last trading day prior to the date of the announcement of the notice of a conditional take-over offer by Malaysia Retail Group Limited ("**Malaysia Retail**"), and served on the Board of Courts Mammoth Berhad ("**CMB**"). On 7 June 2007, Malaysia Retail had served the notice on the CMB informing it that Malaysia Retail intended to carry out a conditional take-over offer to acquire the entire 282,000,000 ordinary shares of CMB for a cash consideration of RM1.02 per CMB share
- (27) Time reference in calculating the premia is 25 April 2007, being the last trading day prior to the serving of the notice of a conditional take-over offer by Permodalan Nasional Berhad ("**PNB**") and served on the Board of Petaling Gardens Berhad ("**PGB**"). On 27 April 2007 PGB had served notice to the Board of PGB notifying of its intention to acquire all the remaining PGC shares not already owned by PNB as at 14 May 2007, and all the new PGB shares that may be allotted and issued up to the closing date pursuant to the exercise of outstanding options granted to the employees of PGB under the ESOS for a cash consideration of RM2.50 per offer share payable in cash
- (28) Time reference in calculating the premia is 2 March 2007, being the last full trading day prior to the offer by Employees Provident Fund ("**EPF**") to acquire all the remaining ordinary shares in Rashid Hussain Berhad ("**RHB**"). On 5 March 2007, EPF submitted an offer to Utama Banking Group ("**UBG**") to acquire all the securities issued by RHB held by UBG for a total cash consideration of approximately RM2,201.8 million. Subsequently, on 7 March 2007, EPF had made a marginally higher revised offer to UBG in the light of an improved offer by EON Capital Berhad for the RHB Group. UBG agreed to accept the revised offer on 8 March 2007 to acquire all the offer shares at a cash offer price of RM1.80 per share, all the offer ICULS-A at a cash offer price of RM1.94 per RM1.00 nominal amount of offer ICULS-A, all the offer ICULS-B at a cash offer price of RM1.94 per RM1.00 nominal amount of offer ICULS-B and all the offer warrants at a cash offer price of 0.01 sen per offer warrant
- (29) Time reference in calculating the premia is 16 February 2007, being the last trading day prior to the announcement date of the acquisition by AGA Aktiebolag ("**AGA**") of all the Alboc (Jersey) Limited ("**Alboc**") shares held by Societe D'Oxygene et D'Acetylene D'Extreme-Orient S.A. ("**SOAEO**") for a total cash consideration of EUR61,830,477, which became unconditional on 16 April 2007. On 20 February 2007, AGA entered into a sale and purchase agreement with SOAEO to acquire all the Alboc shares held by SOAEO and all the SOAEO promissory notes for a total cash consideration of EUR61,830,477. As at the date of the sale and purchase agreement, 50% of the voting shares of Alboc were held by SOAEO and the remaining 50% by BOC Holdings ("**BOCH**") a wholly-owned subsidiary of the BOC Group PLC, a wholly-owned subsidiary of Linde AG. Alboc held 45% of the total voting shares of Malaysian Oxygen Berhad ("**MOX**"). The sale and purchase agreement became unconditional on 16 April 2007 and AGA served the notice on the board of MOX informing it of AGA's intention to carry out a conditional take-over offer for the remaining voting shares of MOX not owned by AGA and persons acting in concert with AGA

As at the IFA Reference Date, the Company holds a 56.0% shareholding interest in the issued share capital of F&NHB. Malaysia general offer precedent transactions of relevant time periods have been applied to the closing price of the F&NHB Shares as of the Unaffected Share Price Date for F&N Group's 56.0% stake in F&NHB based on an exchange rate of 1 RM to 0.3993 S\$.

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We note that:

- A premium of approximately 15%, representing the median 1-day offer premium in selected precedent Malaysia general offers, to the closing price of F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,676 million of the F&N Group's 56.0% stake in F&NHB;
- A premium of approximately 24%, representing the median 1-month offer premium in selected precedent Malaysia general offers, to the closing price of the F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,814 million of the F&N Group's 56.0% stake in F&NHB;
- A premium of approximately 25%, representing the median 3-month offer premium in selected precedent Malaysia general offers, to the closing price of the F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,823 million of the F&N Group's 56.0% stake in F&NHB; and
- A premium of approximately 28%, representing the median 6-month offer premium in selected precedent Malaysia general offers, to the closing price of the F&NHB Shares on the Unaffected Share Price Date implies an equity value of S\$1,867 million of the F&N Group's 56.0% stake in F&NHB.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay in a general offer, merger or takeover transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of or potential for competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

The Independent Directors should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or relative need for control leading to compulsory acquisition. Moreover, as the Company is not in the same industry and does not conduct the same businesses as the other target companies in Chart 14, it may not, therefore, be directly comparable to the target companies in terms of composition of business activities, product lines, scale of operations, risk profile, geographical spread of activities, client base, accounting policies, track record, prospects and other relevant criteria. Accordingly, the selected precedent Malaysia general offer analysis may not provide a meaningful basis for premium comparison and the Independent Directors should note that the above comparison merely serves only as a general guide.

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(iii) **Past dealings in shares**

We note that there have been no significant changes in the shareholding of F&NHB.

(B) **F&N Non-Beer (Others)**

■ **F&N Singapore (“F&B Singapore”)**

F&N owns a reputable portfolio of brands including F&N, 100PLUS, F&N SEASONS, F&N FRUIT TREE and F&N ICE MOUNTAIN for soft drinks, F&N MAGNOLIA, FARMHOUSE, F&N DAISY, F&N NUTRISOY for dairies, and F&N MAGNOLIA, F&N MEADOW GOLD and KING’s for ice cream.

F&B Singapore comprises F&N’s soft drinks and dairies businesses in Singapore as well as ice-cream businesses in Singapore, Malaysia and Thailand. These are wholly-owned subsidiaries, with the exception of F&N United Limited (which manufactures and distributes ice-cream products in Thailand) which is 95% owned. In 2010, F&N scaled up its existing ice-cream business with the acquisition of a 100% equity interest in Kings’ Creameries (S) Pte Ltd, a significant ice-cream player in Malaysia and Singapore.

We note that for the purpose of valuation of F&B Singapore, we have utilised the following methodologies:

(i) **Valuation ratios of listed comparable companies**

(ii) **Precedent transaction analysis**

We note the following key considerations with reference to the valuation of F&B Singapore:

- Based on the low and high median valuation ranges of EV/Revenue and EV/EBITDA of the F&B Companies (as defined below), the implied valuation of F&B Singapore will range from approximately S\$78 million to S\$874 million. We note that the net income of F&B Singapore for the trailing 12-month period up to 30 September 2012 is negative and therefore P/E multiples are not meaningful; and
- Based on the low and high median valuation ranges of EV/Revenue and EV/EBITDA of the Selected F&B Precedent Transactions (as defined below), the implied valuation of F&B Singapore will range from approximately S\$48 million to S\$598 million. We note that the net income of F&B Singapore for the trailing 12-month period up to 30 September 2012 is negative and therefore P/E multiples are not meaningful.

In arriving at our sum-of-the-parts valuation for the F&N Group we have used a range of values for the F&B Singapore business between S\$48 million and S\$874 million.

(i) **Valuation ratios of listed comparable companies**

We consider the valuation ratios of selected listed companies principally engaged in food and beverage business in Singapore and overseas which are in our opinion, broadly comparable to F&B Singapore (the “**F&B Companies**”). The companies which we have selected as trading comparables in the list below are a representative sample of food and beverage companies that have significant geographic presence in Asia Pacific or are based in Singapore. A summary profile of the F&B Companies is set out below.

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Company name	Description	Market cap ⁽¹⁾ (S\$mm)
Singapore listed:		
Super Group Ltd.	<ul style="list-style-type: none"> ■ Manufactures, packages and distributes instant beverages and convenience food products primarily in Singapore, Southeast Asia and East Asia; listed in Singapore ■ Provides instant coffee mixes, instant coffee, instant tea mixes, instant cereals, instant noodles, canned drinks and non-dairy creamers, such as cereal related products, soluble coffee powder and vending machine services 	1,717
Yeo Hiap Seng Ltd.	<ul style="list-style-type: none"> ■ Primarily engaged in the manufacture, distribution, sale and export of beverages, sauces and canned food; listed in Singapore ■ Serves customers in Asia, North America, Europe and internationally 	1,694
Hong Kong listed:		
Want Want China Holdings Ltd.	<ul style="list-style-type: none"> ■ Engaged in the manufacturing, distribution and sale of food and beverages; listed in Hong Kong ■ Offers rice crackers, including sugar coated crackers and fried crackers, dairy products and beverages, as well as wine and other food products ■ Operates in China, Taiwan, Singapore and Hong Kong, and sells its products in Southeast Asia, the United States and Europe 	22,517
Tingyi (Cayman Islands) Holding Corp.	<ul style="list-style-type: none"> ■ Engaged in the manufacturing and sale of instant noodles, bakery products and beverages primarily under the 'Master Kong' brand name in China; listed in Hong Kong ■ Distributes its products through sales offices and warehouses to wholesalers and direct retailers 	19,306
Uni-President China Holdings Ltd.	<ul style="list-style-type: none"> ■ Engaged in the manufacture and sale of beverages and instant noodles in China; listed in Hong Kong ■ Distributes its products in 31 provinces in China through various sales channels and other distribution points, such as entertainment and leisure venues, schools and transportation stations 	5,452
Vitasoy International Holdings Ltd.	<ul style="list-style-type: none"> ■ Engaged in manufacturing, distribution and sale of food and beverages; listed in Hong Kong ■ Products include soymilk, tea, water, juice, tofu, rice milk, pasta, noodles, dairy milk, desserts and others ■ Operates in Hong Kong, Macau, China, Australia, New Zealand, Singapore and North America 	1,228
Rest of Southeast Asia listed		
IndoFood Sukses Makmur	<ul style="list-style-type: none"> ■ Operates as a total food solutions company with operations in various stages of food manufacturing from the production of raw materials and their processing through to consumer products on the market; listed in Indonesia ■ Four segments: Consumer Branded Products, Bogasari, Agribusiness and Distribution 	6,683

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Company name	Description	Market cap ⁽¹⁾ (\$mm)
Universal Robina Corp.	<ul style="list-style-type: none"> Operates as a branded food products company in the Philippines and internationally; listed in Philippines Three segments: Branded Consumer Food Products, Agro-Industrial Products and Commodity Food Products Regional distributors in the Philippines, China and ASEAN countries 	5,233
Vietnam Dairy Products JSC	<ul style="list-style-type: none"> Manufactures and sells milk and dairy products in Vietnam and internationally; listed in Vietnam Exports its products primarily to Australia, Cambodia, Iraq, Kuwait, Maldives, Philippines, Suriname, United Arab Emirates and US 	4,234
Berli Jucker PCL	<ul style="list-style-type: none"> Provides packaging and consumer products primarily in Thailand; listed in Thailand Also manufactures, markets and distributes various consumer products, glass containers, aluminum cans, as well as other industrial products 	3,667
Dutch Lady Milk Industries Bhd	<ul style="list-style-type: none"> Manufactures and distributes dairy products and fruit juice drinks principally in Malaysia; listed in Malaysia Offers infant formula, growing-up milk, powdered milk, condensed milk, UHT milk, sterilized milk, pasteurized milk, cultured milk, yoghurt and fruit juice drinks Operates as a subsidiary of FrieslandCampina DLMI Malaysia Holding B.V 	1,178

Note:

- (1) Market capitalisation is calculated based on share price from FactSet as of the IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the IFA Reference Date

We wish to highlight that the F&B Companies are not exhaustive and they differ from F&B Singapore in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation ratios of the F&B Companies set out below are based on their last transacted share prices as at the IFA Reference Date.

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Chart 15 – Selected F&B Companies trading comparables

Selected Asia F&B Companies trading comparables								
Company	Local currency	Stock price (Local currency)	Market cap ⁽¹⁾		Enterprise value ⁽²⁾ (\$\$mm)	Enterprise value/ LTM		LTM P/E (x) ⁽³⁾
			(Local currency)	(\$\$mm)		Revenue (x)	EBITDA (x) ⁽³⁾	
Singapore-listed F&B								
Super Group Ltd. ⁽⁴⁾	S\$	3.1	1,717	1,717	1,657	3.4x	18.4x	23.9x
Yeo Hiap Seng Ltd. ⁽⁵⁾	S\$	3.0	1,694	1,694	1,579	2.9x	16.4x	24.5x
Hong Kong-listed F&B								
Want Want China Holdings Ltd. ⁽⁶⁾	HKD	10.8	142,860	22,517	22,198	5.7x	27.7x	40.6x
Tingyi (Cayman Islands) Holding Corp. ⁽⁷⁾	HKD	21.9	122,484	19,306	20,373	1.9x	17.4x	56.4x
Uni-President China Holdings Ltd. ⁽⁸⁾	HKD	9.6	34,591	5,452	5,257	1.4x	22.1x	52.3x
Vitasoy International Holdings Ltd. ⁽⁹⁾	HKD	7.6	7,789	1,228	1,285	2.1x	13.5x	25.5x
Rest of Southeast Asia F&B								
IndoFood Sukses Makmur ⁽¹⁰⁾	IDR	6,000.0	52,682,559	6,683	8,370	1.4x	7.8x	16.5x
Universal Robina Corp. ⁽¹¹⁾	PHP	80.4	175,393	5,233	5,465	2.6x	17.4x	28.1x
Vietnam Dairy Products JSC ⁽¹²⁾	VND	130,000.0	72,239,002	4,234	4,071	2.7x	11.5x	14.1x
Berli Jucker PCL ⁽¹³⁾	THB	58.0	92,111	3,667	4,167	2.9x	20.3x	38.8x
Dutch Lady Milk Industries Bhd ⁽¹⁴⁾	RM	46.1	2,950	1,178	1,087	3.1x	16.5x	24.8x
Average						2.7x	17.2x	31.4x
Median						2.7x	17.4x	25.5x
					LTM financials (\$\$mm) ⁽¹⁵⁾			
					Revenue	EBITDA	Net income	
Relevant metrics				336	7	(5)		
Implied equity value (100% ownership)				874	78	NM		

Notes:

- (1) Market capitalisation is calculated based on share price from FactSet as of the IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the IFA Reference Date
- (2) Enterprise value has been calculated as market capitalisation + net debt + minority interest – interest in associates
- (3) EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings
- (4) Financial information reflects data for the LTM ended 30 September 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain/loss on disposal of property, plant and equipment ("PP&E"), gain/loss on disposal of an associated company, impairment loss on PP&E, government grant, insurance claim and compensation, gain on disposal of scrap, and foreign exchange gain/loss. Net income figures are further adjusted for gain/loss on disposal of quoted investment securities and changes in fair value of quoted investment securities; 17.0% statutory tax rate of Singapore applied to net income adjustments
- (5) Financial information reflects data for the LTM ended 30 September 2012. EBITDA and net income figures have been adjusted for extraordinary items including net fair value gains on investment properties, gain/loss on disposal of PP&E, write-back of loans from associate companies, gain on liquidation of subsidiaries, impairment loss on PP&E, impairment loss on available-for-sale financial assets, fair value gains on financial assets through profit or loss, and net currency translation gain/loss; 17.0% statutory tax rate of Singapore applied to net income adjustments

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- (6) Financial information reflects data for the LTM ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain/loss on disposal of PP&E, gain/loss on disposal of available-for-sale financial assets, gain/loss on financial assets at fair value through profit or loss, government grants, donation expense, and net foreign exchange gain/loss; 25.0% statutory tax rate of PRC applied to net income adjustments
- (7) Financial information reflects data for the LTM ended 30 September 2012. Cash includes bank balance and cash as well as pledged bank deposits. EBITDA and net income figures have been adjusted for extraordinary items (for FY2011 financials only due to unavailability of data for interim filings) including impairment loss on PP&E, gain/loss on disposal of a non wholly-owned subsidiary and an associate previously classified as held for sale, gain/loss on disposal of PP&E, fair value change in financial assets through profit or loss, gain on sales of scrapped materials, government grants, and exchange gain/loss; EBITDA and net income figures for interim period ended 30 September 2012 have been adjusted for provisional gain on bargain purchase and direct expenses relating to the acquisition; 25.0% statutory tax rate of PRC applied to net income adjustments
- (8) Financial information reflects data for the LTM ended 30 June 2012. Enterprise value adjusted for interests in both jointly controlled entities and associates due to unavailability of breakdown for 30 June 2012 interim filing. Cash includes cash and cash equivalents as well as pledged bank deposits. EBITDA and net income have been adjusted for extraordinary items including gain/loss from disposal of PP&E, gain/loss from disposal of available-for-sale financial assets, loss from a fire accident, subsidy income, and government grants. Net income figures are further adjusted for net foreign exchange gain/loss; 25.0% statutory tax rate of PRC applied to net income adjustments
- (9) Financial information reflects data for the LTM ended 30 September 2012. EBITDA and net income figures (for the fiscal year ended 31 March 2012 only due to unavailability of data for interim filings) have been adjusted for extraordinary items including reversal of impairment losses on PP&E, net loss on disposal of PP&E, and net foreign exchange gain; 16.5% Hong Kong profit tax rate applied to net income adjustments
- (10) Financial information reflects data for the LTM ended 30 September 2012. Enterprise value adjusted for long-term investments accounted for using equity method. EBITDA and net income figures have been adjusted for extraordinary items including gain on sale of fixed assets, loss on impairment in value of investment in an associate entity, and net gain/loss on foreign exchange from operating activities. Net income figures are further adjusted for net gain/loss on foreign exchange due to financing activities; 25.0% marginal tax rate applied to net income adjustments
- (11) Financial information reflects data for the LTM ended 30 June 2012. Net income figures have been adjusted for extraordinary items including impairment loss on PP&E, impairment loss on intangibles, loss/gain on sale of PP&E, loss/gain on sale of net assets of disposal group classified as held for sale, loss/gain on sale of available-for-sale investments, loss/gain on sale of financial assets at fair value through profit or loss, market valuation loss/gain on financial assets at fair value through profit or loss, market valuation gains on derivatives transactions, and net foreign exchange loss/gain; total impairment loss was adjusted for 30 June 2011 interim financials due to unavailability of further breakdown in impairment loss; 30.0% statutory tax rate applied to net income adjustments
- (12) Financial information reflects data for the LTM ended 30 September 2012. Enterprise value adjusted for associates, which are Miraka Limited and Asia Saigon Food Ingredients Joint Stock Company. Cash includes cash and cash equivalent and short-term investments. Net income figures have been adjusted for loss/gain from disposal of fixed assets, net proceeds from sales of scraps, tools and supplies, fines due to contract breach, realised foreign exchange gain/loss, and gain/loss from foreign currency translation at year end; normal tax rate of 25.0% as regulated in current tax regulations for the company applied to net income adjustments
- (13) Financial information reflects data for the LTM ended 30 September 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain on disposal of assets (for FY2011), gain on disposals of buildings and equipment (for the interim periods ended 30 September 2011 and 30 September 2012), reversal of bad and doubtful debts expenses, reversal of write-down of inventory, reversal of impairment of investments, impairment of equipment, reversal of loss on impairment of investment property, and reversal of loss on impairment of buildings. Net income figures have been further adjusted for deferred income tax reduction in FY2011 and net foreign exchange gain/loss; 30.0% Thai corporate tax rate applied to net income adjustments for FY2011 and 30 September 2011 interim financials, and 23.0% Thai corporate tax rate for 30 September 2012 financials as reported
- (14) Financial information reflects data for the LTM ended 30 September 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain or loss on disposal of PP&E, impairment loss recognised/reversed for PP&E, write back of inventories, and net loss/gain on foreign exchange; 25.0% Malaysian tax rate applied to net income adjustments
- (15) Financial information for F&B Singapore reflects data for the LTM ended 30 September 2012 as per management guidance. Net debt of S\$42 million as per management guidance

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The valuation ratios of the selected F&B Companies are provided for illustrative purposes only. The selected F&B Companies may not be directly comparable with the food and beverage segment of the F&N Group and may vary with respect to, amongst other factors, the geographical spread of activities, business mix and model within the food and beverage sectors, scale of operations, asset intensity, accounting policies, risk profile, track record and future prospects. Accordingly, the selected F&B Companies may not provide a meaningful basis for valuation comparison.

As at the IFA Reference Date, the Company holds a 100.0% shareholding interest in the issued share capital of F&B Singapore. We wish to highlight that a control premium may be imputed on the valuation of F&B Singapore given the majority controlling interest in F&B Singapore held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.

Accordingly, based on the range of EV/Revenue and EV/EBITDA of the F&B Companies, the implied valuation of F&B Singapore will range from approximately S\$78 million to S\$874 million. We note that the net income of F&B Singapore up to the trailing 12-month period up to 30 September 2012 is negative and therefore P/E multiples are not meaningful.

(ii) **Precedent transaction analysis**

We have reviewed selected transactions completed between 1 January 2005 and the IFA Reference Date, involving the acquisitions of equity interests in companies that operate in the food and beverage space in Asia Pacific, and for which information is publicly available (the “**Selected F&B Precedent Transactions**”). Furthermore, in order to compile a list of representative transactions, we have excluded transactions where the transaction sizes are less than US\$100 million. We have conducted our analysis on the basis of EV/Revenue, EV/EBITDA and P/E multiples as the key parameters for the comparison to the multiples implied by the OUE Offer Price. A brief description of the companies selected for our analysis is set out below.

Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Cerebos Pacific Limited	1-Aug-12	17.4%	Cerebos Pacific Limited. engages in the manufacturing, marketing, sale and distribution of health supplements and food products in the Asia Pacific region. The company's health supplement product offering includes essence of chicken and related products and food products include sauces, gravies, coffee, salt and other food products. The company also provides a range of canned food, juices, beverages, desserts, toppings, condiments, cooking aids, tablet health supplements and canned soups. It markets its products under the BRAND'S, Fountain, Gravox, Robert Harris and Greggs brand names

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Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Alaska Milk Corporation	9-Mar-12	60.5%	Alaska Milk Corporation engages in the manufacture, distribution and sale of liquid, powdered and ultra-heat treated milk products primarily in the Philippines. Its products comprise evaporated and condensed milk, evaporated and condensed creamer, powdered milk, ready-to-drink milk, all-purpose cream and coffee creamer products. The company sells its products under the Alaska, Carnation, Alpine, Liberty, Milkmaid and Krem-Top brand names to supermarkets, as well as wholesalers, convenience stores and regional distributors
Permanis Sdn Bhd	21-Jul-11	100.0%	Permanis Sdn Bhd manufactures, distributes and markets beverages. The company offers carbonated soft drinks, isotonic drinks, ready to drink coffees and teas, juices, energy drinks, Asian drinks and mineral water. It distributes products through its network in Peninsular Malaysia, Sabah and Sarawak
Hsu Fu Chi International	11-Jul-11	60.0%	Hsu Fu Chi International, registered in China in 1992, was founded by four Hsu brothers from Taiwan. Over 99% of the Group's confectionery products are sold in China. As at the financial year ended 30 June 2009, the Group had 97 sales branches in China. The Group's sales team comprised over 8,000 sales personnel managing a mix of modern and traditional sales channels consisting of more than 13,170 direct retail points, amongst which 3,060 specialty counters staffed by dedicated promoters were deployed in hypermarkets and supermarkets

Chart 16 – Selected F&B Precedent Transactions

Selected F&B Precedent Transactions								
Ann. date	Acquiror name	Target name	% Acquired	Deal value (\$mm)	Enterprise value ⁽¹⁾ (\$mm)	Enterprise value/ LTM		LTM P/E (x) ⁽²⁾
						Revenue (x)	EBITDA (x) ⁽²⁾	
1-Aug-12	Suntory ⁽³⁾	Cerebos	17.4%	365	2,042	2.1x	12.0x	24.1x
9-Mar-12	Royal Friesland Campina ⁽⁴⁾	Alaska Milk	60.5%	378	515	1.5x	10.7x	19.2x
21-Jul-11	Asahi ⁽⁵⁾	Permanis	100.0%	331	378	1.7x	14.1x	25.7x
11-Jul-11	Nestle ⁽⁶⁾	Hsu Fu Chi	60.0%	2,075	3,180	3.2x	16.5x	27.2x
Average						2.1x	13.3x	24.1x
Median						1.9x	13.1x	24.9x
LTM financials (\$mm) ⁽⁷⁾								
				Revenue	EBITDA	Net income		
Relevant metrics				336	7	(5)		
Implied equity value (100% ownership)				598	48	NM		

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Notes:

- (1) Enterprise value is adjusted for net debt, non-controlling interest/minority interests, and associates as of the latest filings on the date of acquisition, unless otherwise stated. Conversion to S\$ using exchange rates sourced from FactSet as on the date of announcement
- (2) EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings
- (3) Enterprise value is based on offer price of S\$6.60 per share for the remaining shares not owned by Suntory. Financial information reflects data for the LTM ended 30 June 2012 for Cerebos. EBITDA and net income figures have been adjusted for extraordinary items including loss/gain on disposal of PP&E, loss/gain on disposal of a subsidiary, insurance recovery, net exchange loss/gain, fair value loss/gain on derivatives that are not designated or do not qualify for hedge accounting, reversal of inventory write-down of inventory, and compensation on flood by suppliers; 17.0% Singapore standard rate of income tax as reported applied to net income adjustments. Prior to the transaction, Suntory held 82.58% of the issued share capital of Cerebos
- (4) Enterprise value is based on offer price of PHP24.00 per share as per the announcement dated 9 March 2012. Deal value and percentage stake acquired as of 20 March 2012 (before tender offer). Cash includes cash and cash equivalents and short-term investments. Debt represents obligations under finance lease. Financial information reflects data for the LTM ended 31 December 2011 for Alaska Milk. Net income figures have been adjusted for extraordinary items including gain on disposals of property and equipment and net foreign exchange loss/gain; 30.0% statutory income tax rate as reported applied to net income adjustments
- (5) Equity value is based on purchase price of RM820mm for 70mm of issued shares in Permanis. Total interest-bearing debt and cash balance for Permanis is based on the sum of all its subsidiaries, which include Permanis Sdn Bhd, Champs Water Sdn Bhd, Permanis Mainworks Sdn Bhd, Permanis Sandlilands Sdn Bhd, Permanis Distribution Sdn Bhd, Permanis (Sabah) Sdn Bhd, Permanis (Singapore) Sdn Bhd, Permanis Sarawak Sdn Bhd, Permanis Maintenance Sdn Bhd, and Permanis Vending Sdn Bhd. Financial information reflects data for the LTM for the fiscal year ended 30 June 2011. Revenue, EBITDA and net income figures for Permanis are sourced from C.I. Holdings Bhd's FY2011 filings, representing financials for C.I. Holdings' beverage segment
- (6) Enterprise value is based on offer price of S\$4.35 per share for 60% stake in Hsu Fu Chi. Cash represents cash and bank balances. Financial information reflects data for the LTM for the fiscal year ended 30 June 2011 for Hsu Fu Chi. EBITDA and net income figures have been adjusted for extraordinary items including loss on disposal of PP&E, impairment loss on plant and equipment and reversal of deferred tax liabilities; net income figures have been further adjusted for foreign exchange loss/gain; 16.5% marginal tax rate as reported applied to net income adjustments
- (7) Financial information for F&B Singapore reflects data for the LTM ended 30 September 2012 as per management guidance. Net debt of S\$42 million as per management guidance

As at the IFA Reference Date, the Company holds a 100.0% shareholding interest in the issued share capital of F&B Singapore. We wish to highlight that a control premium may be imputed on the valuation of F&B Singapore given the majority controlling interest in F&B Singapore held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.

Accordingly, based on the low and high median valuation ranges of EV/Revenue and EV/EBITDA of the Selected F&B Precedent Transactions, the implied valuation of F&B Singapore will range from approximately S\$48 million to S\$598 million. We note that the net income of F&B Singapore for the trailing 12-month period up to 30 September 2012 is negative and therefore P/E multiples are not meaningful.

The Selected F&B Precedent Transactions are provided for illustrative purposes only. The Selected F&B Precedent Transactions and the acquired companies may not be directly comparable with F&B Singapore and may vary with respect to, amongst other factors, the geographical spread of activities, business mix and model within the food and beverage sector, scale of operations, asset intensity, accounting policies, risk profile, track record and future prospects. Accordingly, the Selected F&B Precedent Transactions may not provide a meaningful basis for valuation comparison. We further wish to highlight that underlying financial data used to calculate the EV/Revenue, EV/EBITDA and P/E multiples in our analysis have been extracted from the relevant companies' financials, Bloomberg and FactSet as at the relevant announcement date of each transaction. JPMSEAL makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

The P/E multiples applied to a transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the presence of or potential for competing bids for the target company, the form of consideration offered by an acquirer and prevailing market conditions and expectations.

■ **Vietnam Dairy Products Joint Stock Company ("Vinamilk")**

F&B Singapore has a 9.5% equity interest in Vinamilk, a leading dairy player in Vietnam which is listed on the Ho Chi Minh City Stock Exchange. Founded in 1976, Vinamilk's principal activities are the manufacture and sale of milk and dairy products in Vietnam and internationally.

We note that for the purpose of valuation of Vinamilk, we have utilised the following methodology:

(i) Share price and trading activity

We note the following key considerations in reference to the valuation of the Vinamilk business:

- The closing prices of the shares of Vinamilk traded within a range of VND79,500 and VND136,000 over the trailing twelve months prior to the IFA Reference Date which implies an equity value of between S\$247 million and S\$422 million in respect of F&B Singapore's 9.5% stake in Vinamilk (based on an exchange rate of 1 VND to 0.0000586 S\$ as of the IFA Reference Date).
- The current market capitalisation as of the IFA Reference Date implies a valuation of F&B Singapore's 9.5% stake in Vinamilk of approximately S\$404 million (based on an exchange rate of 1 VND to 0.0000586 S\$ as of the IFA Reference Date).

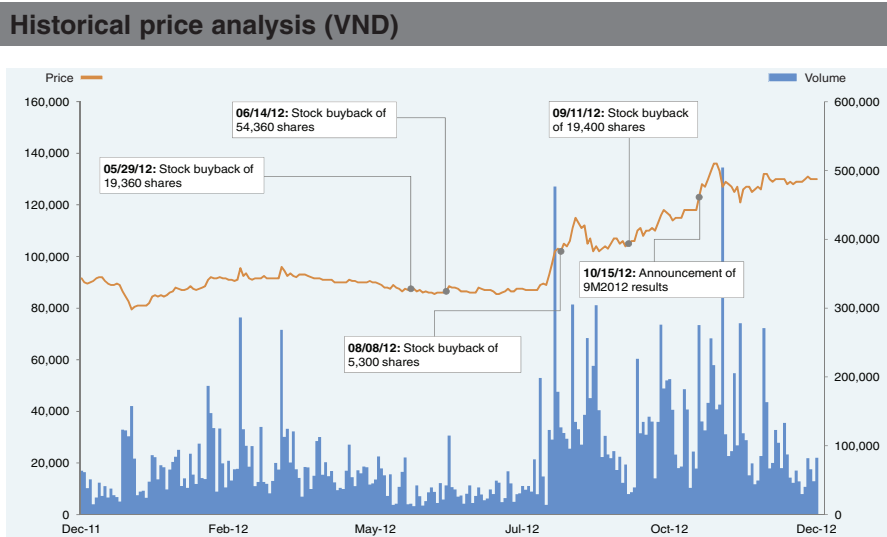
In arriving at our sum-of-the-parts valuation for the F&N Group we have used a range of values for the Vinamilk business between S\$247 million and S\$422 million.

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(i) Share price and trading activity

The trend of the daily last transacted prices of the shares of Vinamilk (the “**Vinamilk Shares**”) for the past 1 year up to the IFA Reference Date is set out below.

Chart 17 – Vinamilk historical price analysis



Source: Bloomberg as of the IFA Reference Date

Notes:

■ 29 May 2012: Announcement of stock buyback

- The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The volume registered to buy back was 19,360 shares. The purpose was to buy back shares from the employees who left the Company

■ 14 June 2012: Announcement of stock buyback

- The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The number of shares registered to buy back was 54,360 shares. The purpose was to buy back shares from the employees who left the Company

■ 8 August 2012: Announcement of stock buyback

- The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The volume registered to buy back was 5,300 shares. The purpose was to buy back shares from 2009, 2010 and 2011 of the employees who left the Company

■ 11 September 2012: Announcement of stock buyback

- The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The volume registered to buy back was 19,400 shares. The purpose was to buy back shares from 2009, 2010 and 2011 of the employees who left the Company

■ 15 October 2012: Announcement of 9M 2012 results

- Vinamilk announced its results for the first 9 months of 2012. Revenue of Vinamilk increased 25% compared to the same period last year. Profit before tax in the first 9 months increased 35% compared to the same period last year

Based on the above historical price analysis, we note that over the trailing twelve months prior to the IFA Reference Date, the closing prices of the Vinamilk Shares traded within a range of VND79,500 and VND136,000 which implies an equity value of between S\$247 million and S\$422 million in respect of the F&N Group's 9.5% stake in Vinamilk (based on 1 VND to 0.0000586 S\$ as of the IFA Reference Date).

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(ii) VWAP

The VWAP and trading volume of the Vinamilk Shares from the last one year up to the IFA Reference Date is set out below.

Vinamilk VWAP and trading volume				
	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume ('000s)
Periods prior to Unaffected Share Price Date (16 July 2012)				
Last 1 year	5.16	5.63	4.42	56
Last 6 months	5.27	5.63	4.95	61
Last 3 months	5.18	5.33	5.01	42
Last 1 month	5.08	5.16	5.01	33
Last transaction price prior to Unaffected Share Price Date ⁽¹⁾	5.07	5.13	5.07	45
Periods prior to OUE Offer Announcement Date (15 November 2012)				
Last 1 year	6.02	7.97	4.66	85
Last 6 months	6.49	7.97	5.01	98
Last 3 months	6.91	7.97	5.98	138
Last 1 month	7.52	7.97	7.09	160
Last transaction price prior to OUE Offer Announcement Date ⁽¹⁾	7.74	7.91	7.68	163
Periods after OUE Offer Announcement Date				
Between OUE Offer Announcement Date and IFA Reference Date	7.62	7.74	7.50	77
IFA Reference Date ⁽¹⁾	7.61	7.62	7.56	83

Source: Bloomberg. VWAPs and share prices converted to S\$ based on VND: S\$ exchange rate from FactSet as of the IFA Reference Date

Note:

(1) Refers to last closing price

As at the IFA Reference Date, the Company holds a 9.5% shareholding interest in the issued share capital of Vinamilk. Accordingly, based on the current market capitalisation as of the IFA Reference Date, the implied valuation of the F&N Group's stake in Vinamilk is approximately S\$404 million based on an exchange rate of 1 VND to 0.0000586 S\$ as of the IFA Reference Date.

We note that there is no assurance that the price of the Vinamilk Shares will remain at current levels after the close or lapse of the OUE Offer. In addition, we note that our analysis of the past price performance of the Vinamilk Shares is not indicative of the future price performance levels of the Vinamilk Shares, which will be governed by amongst other factors, the performance and prospects of Vinamilk, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

We note that the stock price is and will continue to be affected to a varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.

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(iii) **Past dealings in shares**

We note the following past dealings in Vinamilk Shares by the F&N Group:

- No significant changes in shareholding

(C) **Breweries**

F&N brewery operations are conducted through Myanmar Brewery Limited (“**MBL**”). F&N Group owns 55.0% of MBL. On 15 November 2012, F&N Group completed the APB Sale.

■ **APB Sale**

On 15 November 2012, F&N completed the APB Sale. The proceeds of S\$5,591 million from the APB Sale are included in the valuation of the F&B Division as the APBL and APIPL Proceeds.

In arriving at our sum-of-the-parts analysis for the F&N Group we have used the APBL and APIPL Proceeds of S\$5,591 million from the APB Sale.

■ **MBL**

MBL was established in 1995 as one of the earliest major joint-venture projects in the Republic of the Union of Myanmar with a total invested capital of US\$100 million. The brewery is located on a 13.6 hectare site in Pyinmabin Industrial Complex, Mingaladon Township, Yangon. The company manufactures Myanmar’s leading beer brands such as MYANMAR BEER as well as MYANMAR DOUBLE STRONG and ANDAMAN GOLD. It also brews and distributes TIGER beer and ABC STOUT. MBL has a leading market share position in the Myanmar market.

We note that for the purpose of valuation of MBL, we have utilised the following methodologies:

(i) **Valuation ratios of listed comparable companies**

(ii) **Precedent transaction analysis**

We note the following key considerations in reference to the valuation of MBL:

- Based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E of the listed comparable companies of the Breweries Companies (as defined below), the implied valuation of MBL will range from approximately S\$217 million to S\$657 million.
- Based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E ratio of the precedent transaction analysis of the Breweries Companies (as defined below), the implied valuation of the F&N Group’s stake in MBL will range from approximately S\$430 million to S\$475 million.

In arriving at our sum-of-the-parts valuation for the F&N Group we have used a range of values for the MBL business of between S\$217 million and S\$657 million.

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(i) Valuation ratios of listed comparable companies

For the valuation of MBL, we considered the valuation ratios of selected listed companies in Singapore and overseas principally engaged in the breweries business and which are, in our opinion, broadly comparable to MBL ("**Breweries Companies**"). The companies which we have selected as trading comparables in the list below are a representative sample of breweries companies and that have significant geographic presence in the Asia Pacific region or are based in Singapore. A summary profile of the Breweries Companies is set out below.

Company name	Description	Market cap ⁽¹⁾ (S\$mm)
Singapore listed:		
Thai Beverage PCL	<ul style="list-style-type: none"> ■ Leading beverage producer in Thailand and Asia; listed in Singapore ■ Four main business segments: spirits, beer, non-alcohol beverages and food ■ Member of the TCC group 	9,918
Guinness Anchor Bhd	<ul style="list-style-type: none"> ■ Engaged in the production, packaging, marketing and distribution of beverages primarily in Malaysia; listed in Malaysia ■ Offers various beer such as Tiger, GUINNESS, Heineken, Anchor, Sol, etc; shandy under the Anglia Shandy brand; non-alcoholic malt drink under the Malta brand; and ciders under the Strongbow brand ■ Subsidiary of GAPL Pte Ltd. 	1,976
Carlsberg Brewery Malaysia Bhd	<ul style="list-style-type: none"> ■ Engaged in the production, marketing, import, distribution and sale of beer, stout, shandy, wines, spirits and non-alcoholic beverages primarily in Malaysia, Singapore, Hong Kong and Taiwan; listed in Malaysia ■ Offers products primarily under various brands including Carlsberg, Danish Royal Stout, SKOL, Asahi Super Dry, Corona Extra, Hoegaarden, Stella Artois, Budweiser, Foster's, Leffe, Beck's and Lion ■ Subsidiary of Carlsberg Breweries A/S 	1,599
China breweries:		
China Resources Enterprise Ltd.	<ul style="list-style-type: none"> ■ An investment holding company engaged in retail, beer, food and beverage, agriculture, protein and property investment businesses in China, Hong Kong and internationally; listed in Hong Kong ■ Manufactures and distributes beer products under the Snow brand in China 	10,485
Tsingtao Brewery Co. Ltd	<ul style="list-style-type: none"> ■ Primarily engaged in the production, distribution, wholesale and retail sale of beer products in China; listed in Hong Kong ■ Sells its beer products primarily under the Tsingtao Beer brand name and exports beer to approximately 70 countries and regions 	8,711
Beijing Yanjing Brewery Co. Ltd.	<ul style="list-style-type: none"> ■ Engaged in the brewing, production and sale of beer under the Yanjing brand name in China; listed in China ■ Also offers beverages such as soft drinks 	2,625

Note:

- (1) Market capitalisation is calculated based on share price from FactSet as of the IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the IFA Reference Date

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We wish to highlight that the Breweries Companies are not exhaustive and they may differ from MBL in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation ratios of the Breweries Companies set out below are based on their last transacted share prices as at the IFA Reference Date.

Asia Breweries Companies trading comparable analysis

Chart 18 – Selected Asia Breweries Companies trading comparables

Selected Asia Breweries Companies trading comparables								
Company	Local currency	Stock price (Local currency)	Market cap ⁽¹⁾			Enterprise value/ LTM		
			(Local currency mm)	(\$mm)	Enterprise value ⁽²⁾ (\$mm)	Revenue (x)	EBITDA (x) ⁽³⁾	LTM P/E (x) ⁽³⁾
Southeast Asia Breweries								
Thai Beverage PCL ⁽⁴⁾	S\$	0.4	9,918	9,918	10,646	1.7x	9.3x	14.2x
Guinness Anchor Bhd ⁽⁵⁾	RM	16.4	4,948	1,976	1,992	3.2x	16.1x	24.1x
Carlsberg Brewery Malaysia Bhd ⁽⁶⁾	RM	13.0	4,005	1,599	1,585	2.5x	15.5x	21.6x
China Breweries								
China Resources Enterprise Ltd. ⁽⁷⁾	HKD	27.7	66,521	10,485	12,148	0.6x	10.0x	32.6x
Tsingtao Brewery Co. Ltd ⁽⁸⁾	HKD	40.9	55,265	8,711	7,404	1.5x	13.3x	29.0x
Beijing Yanjing Brewery Co. Ltd. ⁽⁹⁾	RMB	5.3	13,420	2,625	3,287	1.3x	9.2x	22.0x
Average						1.8x	12.2x	23.9x
Median						1.6x	11.6x	23.0x
					LTM financials (\$mm) ⁽¹⁰⁾			
					Revenue	EBITDA	Net income	
Relevant metrics				207	66	52		
Implied equity value (100% ownership)				394	835	1,194		
Implied equity value (55.0% ownership)				217	459	657		

Notes:

- (1) Market capitalisation is calculated based on share price from FactSet as of the IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the IFA Reference Date
- (2) Enterprise value has been calculated as market capitalisation + net debt + minority interest – interest in associates
- (3) EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings

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- (4) Financial information reflects data for the LTM ended 30 September 2012. Cash figure includes cash and cash equivalents as well as current investments. EBITDA and net income figures have been adjusted for donations (where breakdown is available), gain/loss on disposal and write-off of PP&E and intangible assets (or gain on disposal of assets for FY2011), impairment loss/reversal of impairment loss on PP&E, gain of sale of investment, and net gain/loss on foreign exchange. Net income figure in FY2011 has been further adjusted for losses due to floods; 30.0% Thai corporate tax rate applied to net income adjustments for FY2011 and 30 September 2011 interim financials, and 23.0% Thai corporate tax rate for 30 September 2012 financials as reported
- (5) Financial information reflects data for the LTM ended 30 September 2012. EBITDA and net income figures have been adjusted for gain/loss on disposal of PP&E, restructuring of distribution channel expenses, and net reversal of impairment losses on trade receivables; FY2012 EBITDA and net income have been further adjusted for net realised loss on foreign exchange and net unrealised loss on foreign exchange; 25.0% Malaysian tax rate applied to net income adjustments
- (6) Financial information reflects data for the LTM ended 30 September 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain or loss on disposal of PP&E, realised foreign exchange gain/loss, and unrealised foreign exchange gain/loss; 25.0% Malaysian tax rate applied to net income adjustments
- (7) Financial information reflects data for the LTM ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including impairment loss recognised on fixed assets and other intangible assets (where information is available), valuation gain on investment properties, profit on deemed disposal of an associate, profit on disposal of associates, profit on disposal of available-for-sale investments, profit on disposal of fixed assets, and government grant recognised; 16.5% applicable Hong Kong profits tax rate applied to net income adjustments
- (8) Market capitalisation for Tsingtao is based on RMB-denominated ordinary shares and Hong Kong-listed shares, multiplied by the respective share price and converted to S\$. Financial information reflects data for the LTM ended 30 June 2012. Net income figures have been adjusted for extraordinary items including impairment loss of fixed assets, gain/loss on disposal of non-current assets, gain on unpaid debts, penalty gains/loss, public welfare donations, exchange gains/losses, and government grants; 25.0% applicable enterprise income tax rate of the company applied to net income adjustments
- (9) Financial information reflects data for the LTM ended 30 June 2012. Net income figures have been adjusted for extraordinary items including gain/loss on disposal of non-current assets, government grants, donations, penalty and overdue payments, and extraordinary losses; 15.0% applicable tax rate as reported applied to net income adjustments
- (10) Financial information for MBL reflects data for the LTM for the period ended 30 September 2012 as per management guidance. Net cash of S\$62 million as per management guidance

As at the IFA Reference Date, the Company holds an approximately 55.0% shareholding interest in the issued share capital of MBL. We wish to highlight that a control premium may be imputed on the valuation of MBL given the majority controlling interest in MBL held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.

Accordingly, based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E of the Breweries Companies, the implied valuation of MBL will range from approximately S\$217 million to S\$657 million.

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(ii) **Precedent transaction analysis**

We have reviewed selected transactions completed between 1 January 2005 and the IFA Reference Date, involving the acquisitions of equity interests in companies that operate in the breweries space in the Asia Pacific region and elsewhere, and for which information is publicly available (the “**Selected Breweries Precedent Transactions**”). Furthermore, in order to compile a list of representative transactions, we have excluded transactions where the transaction sizes are less than US\$100 million. We have conducted our analysis on the basis of EV/Revenue, EV/EBITDA and P/E multiples as the key parameters for the comparison to the multiples implied by the OUE Offer Price. A brief description of the companies selected for our analysis is set out below.

Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Asia Pacific Breweries Limited	18-Aug-12	39.7%	Asia Pacific Breweries (“ APB ”) is a company listed on the Mainboard of the SGX-ST and is one of the key players in the beer industry in the Asia Pacific region. APB currently operates an extensive global marketing network which spreads across 60 countries and is supported by 30 breweries in 14 countries. APB has a portfolio of over 40 beer brands and brand variants, including Tiger beer, Heineken, Anchor beer, ABC Extra Stout and Baron’s Strong Brew. APB is synonymous with Tiger beer which is brewed in 10 countries and offered in 60 markets worldwide
Schincariol Participações e Representações SA	2-Aug-11	50.5%	Grupo Schincariol produces and markets beer, water, and soft drinks. The company offers beer under brands such as Glacial, Nova Schin, Primus, and NS2. Grupo Schincariol is based in Itu, Brazil
PT Multi Bintang Indonesia Tbk	7-Dec-09	80.6%	PT Multi Bintang Indonesia Tbk engages in the production and marketing of beer and other beverages, and other related products in Indonesia. The company provides its products under the Bintang and Heineken brands
San Miguel Brewery Inc	20-Feb-09	48.4%	San Miguel Brewery Inc. engages in the manufacture and sale of fermented and malt-based beverages. It primarily manufactures and distributes beer under various brands, including San Miguel Pale Pilsen, San Mig Light, Red Horse Beer, Cerveza Negra, Gold Eagle Beer, San Miguel Strong Ice, San Miguel Super Dry, and San Miguel Premium All-Malt Beer. The company also manufactures other malt-based beverages. The company has operations in the Philippines, Hong Kong, Indonesia, China, Thailand and Vietnam

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Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Fujian Sedrin Brewery Co., Ltd.	23-Jan-06	100.0%	Fujian Sedrin Brewery Co., Ltd. operates as a brewery company in China. It offers pure draft beer and ice beer predominantly under the Sedrin brand name
Bavaria S.A.	19-Jul-05	71.8%	Bavaria S.A, through its subsidiaries, engages in the production and sale of beverages in Colombia and internationally. It offers beer products under the Águila, Águila Light, Club Colombia, Cola & Pola, Costeña, Costeña, Póker, Póker Ligera and Redd's brand names; and soft drinks under the Pony Malta and Maltizz brand names. The company was founded in 1889 and is headquartered in Bogotá, Colombia

Selected Breweries Precedent Transactions

Chart 19 – Selected emerging markets breweries precedent transactions

Selected emerging markets breweries precedent transactions								
Ann. date	Acquiror name	Target name	% Acquired	Deal value (\$\$mm)	Enterprise value ⁽¹⁾ (\$\$mm)	Enterprise value/LTM		LTM P/E (x) ⁽²⁾
						Revenue (x)	EBITDA (x) ⁽²⁾	
18-Aug-12	Heineken ⁽³⁾	Asia Pacific Breweries	39.7%	5,428	13,897	4.2x	16.9x	35.0x
2-Aug-11	Kirin ⁽⁴⁾	Schincariol	50.5%	3,040	6,659	2.9x	15.7x	NA
7-Dec-09	Asia Pacific Breweries ⁽⁵⁾	PT Multi Bintang	80.6%	405	468	2.1x	6.1x	10.6x
20-Feb-09	Kirin ⁽⁶⁾	San Miguel (Philippines)	48.4%	2,099	4,145	2.7x	7.5x	13.2x
23-Jan-06	InBev ⁽⁷⁾	Fujian Sedrin Brewery	100.0%	1,222	1,222	4.5x	12.8x	NA
19-Jul-05	SABMiller ⁽⁸⁾	Bavaria SA	71.8%	5,853	13,195	4.0x	10.6x	20.1x
Average						3.4x	11.6x	19.7x
Median						3.5x	11.7x	16.7x

LTM financials (\$\$mm) ⁽⁹⁾			
	Revenue	EBITDA	Net income
Relevant metrics	207	66	52
Implied equity value (100% ownership)	781	839	863
Implied equity value (55.0% ownership)	430	462	475

Notes:

- (1) Enterprise value is adjusted for net debt, non-controlling interest/minority interests, and associates as of the latest filings on the date of acquisition, unless otherwise stated. Conversion to S\$ using exchange rates sourced from FactSet as on the date of announcement
- (2) EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings

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- (3) Enterprise value is based on offer price of S\$53.00 per share for shares of APB held directly and indirectly by the Company, and total shares outstanding as of 30 June 2012. Deal value and enterprise value calculations exclude the S\$163 million consideration for other assets held by APIPL. Financial information reflects data for the LTM ended 30 June 2012 for Asia Pacific Breweries. EBITDA and net income figures have been adjusted for extraordinary items including changes in fair value of derivative financial instrument (in FY2011), profit/loss on disposal of fixed assets, and foreign exchange gain/loss; 17.0% statutory tax rate of Singapore applied to net income adjustments
- (4) Financial information for Schincariol Group as reported by Kirin in Kirin's presentation on Consolidation of Schincariol dated 2 August 2011. Net debt reflects data as of 31 December 2010. Other financial information reflects data for the LTM ended 31 March 2011 for Schincariol, based on unaudited management accounting as reported
- (5) Enterprise value is based on offer price of IDR161,741 per share for 80.6% of PT Multi Bintang pursuant to the mandatory takeover offer and private offer. Financial information reflects data for the LTM ended 30 September 2009 for Multi Bintang. Net income figures have been adjusted for extraordinary items including asset impairment of fixed assets, gain/loss on sale of fixed assets, net foreign currency exchange gain/loss, and net forward foreign currency exchange gain/loss; Enacted marginal tax rate of 30.0% for FY2008 and the interim period ended 30 September 2008 and 28.0% for the interim period ended 30 September 2009 as reported applied to net income adjustments
- (6) Enterprise value is based on offer price of PHP8.841 per share for 48.4% of San Miguel Brewery. Financial information reflects data for the LTM for the fiscal year ended 31 December 2008 for San Miguel. EBITDA and net income figures have been adjusted for extraordinary items including gain on sale of plant and equipment, marked-to-market loss, and foreign exchange gain; 35.0% statutory tax rate as reported applied to net income adjustments
- (7) Enterprise value is based on total consideration of EUR614mm as reported by InBev, assuming a cash-free, debt-free transaction. Financial information reflects data for FY2004 for Fujian Sedrin Brewery as reported by InBev in InBev's presentation "Acquisition of Fujian Sedrin Brewery Co. Limited" dated 23 January 2006
- (8) Financial information in US\$ for Bavaria as reported by SABMiller in SABMiller's presentation "A Powerful Combination" dated 19 July 2005. Financial information reflects data for the LTM for the period ended 31 December 2004 for Bavaria. Net debt includes debt in acquired holding companies as reported. Minority interests include minorities to be acquired post closing and other minorities at market or book value as reported. LTM revenue, EBITDA and net income figures have been adjusted to IFRS accounts and adjusted for other SABMiller adjustments as reported
- (9) Financial information for MBL reflects data for the LTM ended 30 September 2012 as per management guidance. Net cash of S\$62mm as per management guidance

Accordingly, based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E ratio of the Selected Breweries Precedent Transactions, the implied valuation of the F&N Group's stake in MBL will range from approximately S\$430 million to S\$475 million.

The P/E multiples applied to a transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the presence of or potential for competing bids for the target company, the form of consideration offered by an acquirer and prevailing market conditions and expectations.

The Selected Breweries Precedent Transactions are provided for illustrative purposes only. The Selected Breweries Precedent Transactions and the acquired companies may not be directly comparable with MBL and may vary with respect to, amongst other factors, the geographical spread of activities, business mix and model within the breweries sector, scale of operations, asset intensity, accounting policies, risk profile, track record and future prospects. Accordingly, the Selected Breweries Precedent Transactions may not provide a meaningful basis for valuation comparison. We further wish to highlight that underlying financial data used to calculate the EV/Revenue, EV/EBITDA and P/E multiples in our analysis have been

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extracted from the relevant companies' financials, Bloomberg and FactSet as at the relevant announcement date of each transaction. JPMSEAL makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

(D) Irrevocable Undertakings and Agreements between OUE Baytown and Kirin

We note that OUE Baytown and Kirin have executed irrevocable undertakings and agreements as disclosed in section 6 of the OUE Offer Document. The full text of such undertakings and agreements with Kirin has been extracted from the OUE Offer Document and set out in Section 4 of this letter.

Further to Condition (iii) in section 6.2(a) of the OUE Offer Document we have provided a valuation analysis of the Kirin F&B Offer Price. Please refer to Chart 12 in Section 9.10.2 of this letter for a summary of the sum-of-the-parts valuation analysis for the F&B Business. Please also refer to Section 9.10.2(A) – (C) of this letter for a detailed description of the F&B Business sum-of-the-parts valuation analysis.

We note that the Kirin F&B Offer Price falls within the range of the estimated sum-of-the-parts valuation for the F&B Business of S\$1,877 million and S\$3,820 million.

We note that the Kirin F&B Offer shall take effect and be capable of acceptance by the Company only upon the OUE Offer becoming or being declared unconditional in all respects. We also note that a Higher Competing F&B Offer (as defined in section 6.2(a)(iv) of the OUE Offer Document) may be made during the Relevant Period (as defined in section 6.2(a)(iv) of the OUE Offer Document) and that the Offeror shall vote its F&N Shares in favour of the Higher Competing F&B Offer if the consideration for the Higher Competing F&B Offer is higher than the Kirin F&B Offer Price and the terms and conditions of which are no more onerous than that offered by Kirin and if Kirin does not provide a higher Kirin F&B Offer.

We note that we have not been requested to and were not authorised to and did not solicit any expressions of interest from any other parties in the context of a competitive auction process or otherwise, with respect to the sale of all or any part of the F&B Business or any other alternative transaction. We do not comment on the merits and/or risks of the Kirin F&B Offer, nor do we evaluate and/or comment on the strategic or commercial merits and/or risks of the Kirin F&B Offer, or on the prospects of the Company, or the F&N Group or the F&B Business. We do not assume any responsibility to address the relative merits and/or risks of the Kirin F&B Offer as compared to any other alternative transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We also did not participate in negotiations with respect to the terms of the Kirin F&B Offer and related transactions. We are the financial advisers only and, accordingly, our advice on the Kirin F&B Offer is based solely upon our evaluation, from a financial point of view, of the Kirin F&B Offer Price offered for the F&B Business of the F&N Group, but not any other terms of the Kirin F&B Offer. For the purpose of our evaluation of the Kirin F&B Offer, we have assumed, *inter alia*, that any acquisition of the F&B Business pursuant to the Kirin F&B Offer will be capable of being consummated as a whole such that the Kirin F&B Offer Price will be received by the Company in its entirety in a timely manner. In particular, but without limitation, we further assume that in any acquisition of the F&B Business pursuant to the Kirin F&B Offer, there are no (and will not be, at any relevant time) circumstances prevailing (including but not limited to conditions that are incapable of being satisfied or waived) which could prejudice the Company's receipt of the Kirin F&B Offer Price in full and in a timely manner.

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We do not assume any responsibility to advise, and nothing in this letter shall be construed as advice to, any person (other than the Independent Directors) in relation to the Kirin F&B Offer or the F&B Business, including but not limited to any decision that any person may take in relation to any transaction involving the Kirin F&B Offer or the F&B Business, or any extraordinary general meeting of the Company that may be convened to consider such transaction, or any chain offer for any subsidiary or associated company of the Company. In particular, but without prejudice to the generality of the foregoing, we express no opinion as to the fairness of the Kirin F&B Offer to the holders of any class of securities, creditors or other constituencies and stakeholders of the Company or as to any decision by the Company to engage in the Kirin F&B Offer.

Any opinion addressed to the Independent Directors in relation to the Kirin F&B Offer or the Kirin F&B Offer Price is solely for the purpose of their consideration of the OUE Offer and may not be relied upon for any other purpose.

The Independent Directors should note that economic, market and other conditions may change after the IFA Reference Date and that developments after the IFA Reference Date may affect our opinion and the contents of this letter and that we do not have any obligation to update, revise or reaffirm the contents of this letter. In particular, but without prejudice to the generality of the foregoing, we do not assume any responsibility to advise the Independent Directors, and express no opinion on, any decision they may take in the future in relation to any transaction involving the Kirin F&B Offer or the F&B Business. The Independent Directors should seek separate advice if the Company proposes to undertake any such future transaction.

On the basis of and subject to the foregoing, it is our opinion that, as of the IFA Reference Date, the Kirin F&B Offer Price is **fair**, from a financial point of view.

The F&B Business comprises four separate businesses of which Vinamilk, F&NHB and MBL are not wholly owned entities. In arriving at the sum-of-the-parts valuation of the F&B Business above, we have not applied any discount to the independent valuations of each of the F&B businesses comprising the F&B Business as the quantification of such discount is highly subjective. Realisation of such sum-of-the-parts valuation could be impacted by, amongst other things (but not limited to), the quality of the underlying businesses, scarcity value of the assets, prevalent market conditions and future prospects of the businesses. We have not provided any opinion with regard to the aforementioned factors which could impact the value of the F&B Business.

For the purposes of providing this letter and our evaluation of the Kirin F&B Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company, the F&B Business or the F&N Group. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company, the F&N Group or the F&B Business, or any part or division thereof. We are therefore not expressing any opinion herein as to the future value of the F&B Business whether or not the OUE Offer is declared unconditional in all respects or on the future financial performance of the Company, the F&B Business or the F&N Group, or any part or division thereof.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances and we neither assume any responsibility for, nor hold ourselves out as advisers to, any Shareholder or other person other than the Independent Directors.

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Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters including potential synergies that may arise out of the Kirin F&B Offer. Our opinion also does not incorporate an assessment of the value of the F&B Business following the success or failure of the OUE Offer or any alternative offers that may be made for the F&B Business and its assets. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the Kirin F&B Offer.

9.10.3 Printing and Publishing (“P&P”)

F&N established its third business in publishing, printing, retail and distribution through the privatisation of Times Publishing Ltd (“**TPL**”) in 2000. The P&P division encompasses printing, publishing and retail and distribution. F&N also holds interest in listed companies in the P&P business, namely PMP Limited (“**PMP**”) and Fung Choi Media Group Limited (“**Fung Choi**”).

Given the unique profile of P&P whereby P&P is engaged in diverse businesses, we consider it appropriate to value each of the P&P’s businesses separately to arrive at an aggregate valuation of P&P on a sum-of-the-parts basis. We have arrived at a range of valuation for the division rather than a single specific value as this will provide a more objective measure of the value of P&P taking into account *inter alia* market price volatility of the listed entities under P&P and P&P’s unlisted businesses which are sensitive to general stock market and economic conditions.

Our valuation methodologies for P&P are further set out in Section 9.10.3 of this letter. We set out below a summary of our sum-of-the-parts valuation for P&P.

Chart 20 – P&P summary of sum-of-the-parts valuation

P&P summary of sum-of-the-parts valuation		
	Lower (S\$ million)	Upper (S\$ million)
TPL (excluding PMP and Fung Choi)	225	238
PMP	8	31
Fung Choi	19	29
Total valuation of P&P	252	298

(a) Times Publishing Ltd (excluding PMP and Fung Choi) (“**TPL**”)

Times Publishing Ltd is a Singapore-based company principally engaged in publishing, printing, distribution and retail. Under the Marshall Cavendish brand, the company publishes contents including education, general interest, business information, and home & library reference in formats that range from books and directories to magazines and digital platform. Times Printers Private Limited undertakes TPL’s printing services related to books, directories, magazines and packaging to the international market. Pansing, the distribution business of TPL, represents major book and magazine publishers from UK, USA, Australia and South East Asia. Times bookstores have a chain of outlets throughout Malaysia, Indonesia and Singapore and offers a wide variety of book and magazine titles to readers of all ages, and NOQ store carries out TPL’s online retail business.

We note the following key considerations in reference to the valuation of the TPL business:

- The net income of TPL for the trailing 12-month period up to 30 September 2012 is negative and therefore P/E multiples are not meaningful.

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- Based on the low and high median valuation ranges of EV/Revenue and EV/ EBITDA of the listed comparable companies of the P&P Companies (as defined below), the implied valuation of TPL will range from approximately S\$225 million to S\$238 million.

In arriving at our sum-of-the-parts valuation for the F&N Group we have used a range of values for the TPL business between S\$225 million and S\$238 million.

(i) Valuation ratios of listed comparable companies

We have considered selected printing and publishing companies across Asia, North America and Europe (“P&P Companies”) as trading comparables for the Company.

In evaluating these companies, we have used the following ratios:

- Last 12-month enterprise value to sales revenue (LTM EV/Sales); and
- Last 12-month enterprise value to earnings before interest, taxes, depreciation and amortization (LTM EV/EBITDA).

The following is a brief description of the P&P Companies:

Company name	Description	Market cap ⁽¹⁾ (S\$mm)
Lagardere S.C.A	Lagardere S.C.A. is a France-based media group principally engaged in the publishing sector. It operates through four business segments: 1) Lagardere Publishing publishes educational works, general literature, illustrated books, guides and children literature, 2) Lagardere Active is engaged in publishing, audiovisual, digital media and advertising sales brokerage, 3) Lagardere Services distributes newspaper, communication and leisure, and 4) Lagardere Unlimited specialises in sport industry and entertainment businesses	4,945
Sanoma Oyj	Sanoma Oyj is a Finland-based company active in the media and publishing industry, which operates through four business segments: 1) Sanoma News is Finland's leading newspaper publishing and digital media business, 2) Sanoma Media is engaged in magazine, television and digital businesses in 12 European countries, 3) Sanoma Learning provides learning materials and solutions in print and digital format and 4) Sanoma Trade includes kiosk operations and trade services in Finland, Estonia and Lithuania	1,888
Arnoldo Mondadori Editore S.p.A.	Arnoldo Mondadori Editore S.p.A. is an Italy-based editorial group that operates in Italy and abroad. The company is engaged in publishing activities such as creation of the products, printing, marketing and distribution, and its activities are divided into the following divisions: books, magazines, advertising, direct and retail, bookshops and multicenters, book clubs, online sales and direct marketing	394
Pearson PLC	Pearson PLC is an international media and education company that is primarily engaged in education, business information and consumer publishing. Pearson PLC consists of three global businesses: Pearson Education, The FT Group and The Penguin Group	19,111

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Company name	Description	Market cap ⁽¹⁾ (S\$mm)
John Wiley & Sons Inc.	John Wiley & Sons, Inc. is a global publisher of academic print and electronic products, providing content and digital solutions to customers worldwide. The company has three business segments, which are scientific, technical, medical and scholarly, professional/trade and higher education	3,037
Scholastic Corporation	Scholastic Corporation is a global publisher and distributor of children's books and a provider of educational technology products and related services. The company operates in four segments: Children's Book Publishing and Distribution, Educational Publishing, Media, Licensing and Advertising, and International	1,121
R.R. Donnelley & Sons Company	R.R. Donnelley & Sons Company is a global provider of communications services. The company operates primarily in the commercial print portion of the printing industry, with related products and service offerings designed to offer customers complete solutions for communicating their messages to target audiences	2,130
Quad/Graphics Inc.	Quad/Graphics, Inc. is a global provider of print and related products and services that are designed to provide integrated multichannel solutions to marketers and publishers in North America, Latin America and Europe. Its products and services primarily include print solutions, media solutions and logistics services	926
Cenveo Inc.	Cenveo Inc. is a diversified printing company in North America. The company's portfolio of products includes commercial printing, envelope production, labels manufacturing, packaging and publisher offerings	205
Hung Hing Printing Group Limited	Hung Hing Printing Group Limited is engaged in manufacturing conventional and children's novelty books and producing folding cartons and packaging for toys, cosmetics and other consumer products. The company operates in four segments: Book and Package Printing segment, Consumer Product Packaging segment, Corrugated Box segment and Paper Trading segment	157
PMP Limited	PMP Limited is an Australia-based media and marketing services company, primarily engaged in commercial printing, digital pre-media, letterbox delivery and magazine distribution	70
New Island Printing Holdings Limited	New Island Printing Holdings Limited is a Hong Kong based company in printing and packaging business. It operates in two segments: Dongguan/Hong Kong and Shanghai, both of which are engaged in printing and manufacture of multi-color packaging products, carton boxes, books, brochures and other paper products	252
Xpress Holdings Ltd.	Xpress Holdings Ltd. is a Singapore-based company that offers a range of print management services that include conceptualization, design, copywriting, translations, typesetting and color proofing, printing, post-press packaging, global distribution and delivery	48

Source: FactSet, publicly available information including annual reports and company websites

Note:

(1) Market capitalisation and exchange rates as of the IFA Reference Date

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We wish to highlight that the P&P Companies are not exhaustive and they differ from TPL in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation ratios of the P&P Companies set out below are based on their last transacted share prices as at the IFA Reference Date.

The table below sets out the valuation statistics for the P&P Companies.

Chart 21 – P&P Companies

Trading comparables								
Company name	Local currency (LC)	Market data				Trading multiples		
		Share price (LC)	Market cap. (\$mm) ⁽¹⁾	Firm value (\$mm) ⁽²⁾	% 52 week high	LTM EV/sales	LTM EV/EBITDA	LTM P/E ⁽³⁾
Integrated consumer publishing								
Lagardere S.C.A. ⁽⁴⁾	EUR	24.58	4,945	4,416	94.7%	0.4x	4.7x	9.6x
Sanoma Oyj ⁽⁵⁾	EUR	7.35	1,888	4,452	62.8%	1.2x	5.2x	9.0x
Arnoldo Mondadori Editore S.p.A. ⁽⁶⁾	EUR	1.08	394	817	67.1%	0.4x	6.4x	10.9x
Academic publishing								
Pearson PLC ⁽⁷⁾	GBP	11.82	19,111	21,271	90.8%	1.8x	10.6x	14.3x
John Wiley & Sons Inc. ⁽⁸⁾	USD	40.50	3,037	3,482	77.9%	1.6x	8.1x	12.3x
Scholastic Corp.	USD	28.34	1,121	1,073	70.5%	0.4x	3.5x	8.6x
Printing								
R.R. Donnelley & Sons Co. ⁽⁹⁾	USD	9.47	2,130	6,261	62.2%	0.5x	4.1x	5.1x
Quad/Graphics Inc. ⁽¹⁰⁾	USD	15.89	926	2,400	78.3%	0.5x	3.4x	9.5x
Cenveo Inc. ⁽¹¹⁾	USD	2.56	205	1,679	48.8%	0.8x	6.7x	NM
Hung Hing Printing Group Ltd. ⁽¹²⁾	HKD	1.09	157	152	47.4%	0.3x	5.1x	20.2x
PMP Ltd. ⁽¹³⁾	AUD	0.17	70	262	25.4%	0.2x	2.7x	6.4x
New Island Printing Holdings Ltd. ⁽¹⁴⁾	HKD	0.60	252	243	82.2%	2.4x	39.6x	NM
Xpress Holdings Ltd. ⁽¹⁵⁾	SGD	0.03	48	48	36.9%	1.2x	5.3x	NM
Mean						0.9x	8.1x	10.6x
Median						0.5x	5.2x	9.5x

Company name	Local currency (LC)	Market data				Trading multiples		
		Share price (LC)	Market cap. (\$mm) ⁽¹⁾	Firm value (\$mm) ⁽²⁾	% 52 week high	LTM EV/sales	LTM EV/EBITDA	LTM P/E ⁽³⁾
						LTM financials (\$mm) ⁽¹⁶⁾		
						Sales	EBITDA	Net income
Relevant metrics						383	39	N/M ⁽¹⁸⁾
Implied equity value						225 ⁽¹⁷⁾	238 ⁽¹⁷⁾	N/M

Source: FactSet as of market close on the IFA Reference Date

Notes:

- (1) Market capitalisation is based on diluted number of shares outstanding
- (2) Adjusted for minority interest and unconsolidated investments

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- (3) LTM earnings represent profit after tax attributable to shareholders/owners/equity holders of the company
- (4) EBITDA and net income are adjusted for acquisition-related expenses, gains or losses from disposal of assets and impairments, write-downs of assets and foreign exchange gains/(losses)
- (5) EBITDA and net income are adjusted for non-recurring items
- (6) Reported EBITDA is adjusted for income from associates
- (7) EBITDA and net income are adjusted for other net gains and losses, acquisition cost, intangible charges, non-recurring net finance income/(costs) and recognition of income tax benefits
- (8) EBITDA and net income are adjusted for restructuring charges and foreign exchange gains/(losses)
- (9) EBITDA and net income are adjusted for restructuring and impairment charges, acquisition related expenses, loss on debt extinguishment, gain on pension curtailment, journalism online contingent compensation, recognition of income tax benefits, gain/(loss) from fair value hedge and gain/(loss) on sale of investments
- (10) EBITDA and net income are adjusted for restructuring and impairment charges, gain/(loss) on sale of PP&E, loss on debt extinguishment and recognition of income tax benefits
- (11) EBITDA and net income are adjusted for restructuring and impairment charges, gain on bargain purchase and gain on early extinguishment of debt
- (12) EBITDA and net income are adjusted for other income and gains, impairments and loss on disposals of PP&E, net fair value gain on derivative financial instruments, net foreign exchange gain and impairments (trade receivables, inventories) and loss on disposals of PP&E
- (13) EBITDA and net income are adjusted for net gains on disposal of PP&E and net foreign exchange gain
- (14) EBITDA and net income are adjusted for other net gain and net reversal of impairment loss on trade debtor
- (15) EBITDA and net income are adjusted for plant and equipment written off, foreign exchange gains/(losses) and gain on disposal of PP&E
- (16) Financial information for TPL reflects data for the LTM ended 30 September 2012 as per management guidance
- (17) Adjusted for TPL's net cash position of S\$34 million for the period ended 30 September 2012
- (18) Negative last 12-month net income as of 30 September 2012

As at the IFA Reference Date, the Company holds a 100.0% shareholding interest in the issued share capital of TPL. We wish to highlight that a control premium may be imputed on the valuation of TPL given the majority controlling interest in TPL held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective. Accordingly, based on the range of P/E ratio and EV/EBITDA ratio of TPL, the implied valuation of the F&N Group's stake in TPL will range from approximately S\$225 million to S\$238 million.

(b) PMP Limited ("PMP")

PMP Limited is an Australia-based media and marketing services company, providing a range of services from concept to fulfillment. Its principal activities are commercial printing, digital pre-media, letterbox delivery and magazine distribution services. PMP operates in five segments: 1) Print Australia segment, 2) Distribution Australia segment, 3) Gordon and Gotch segment, which includes magazine and book distribution businesses, 4) PMP Digital segment, which offers workflow solutions, digital services, photography services, etc, and 5) PMP New Zealand segment that includes printing and distribution businesses in New Zealand.

We note that the following key considerations in reference to the valuation of the PMP business:

- The closing prices of the shares of PMP traded within a range of AUD0.16 and AUD0.62 over the trailing twelve months prior to the IFA Reference Date which implies an equity value between S\$8 million and S\$31 million of the F&N Group's 12.05% stake in PMP based on an exchange rate of 1 AUD to 0.78084 S\$ as of the IFA Reference Date.

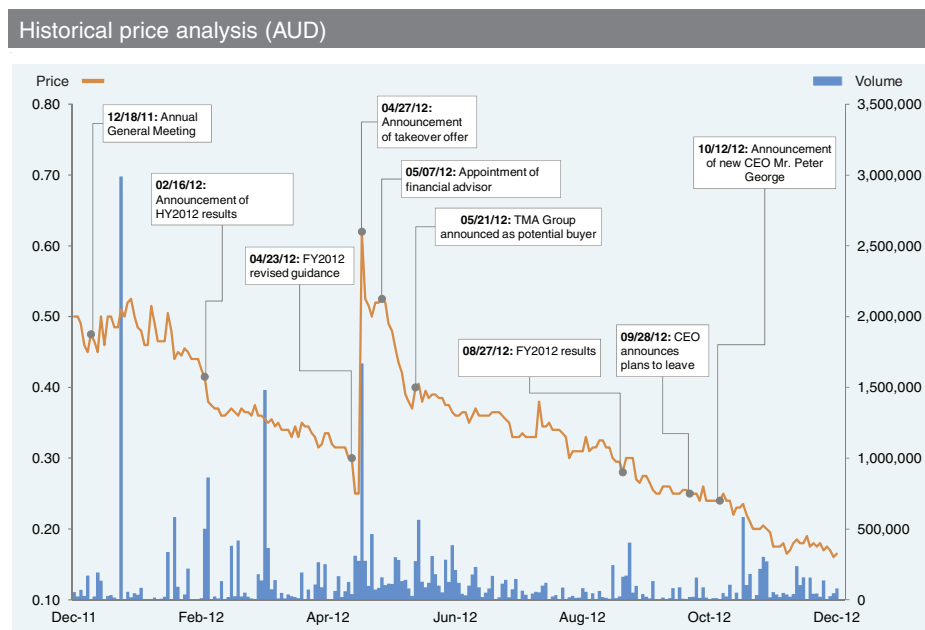
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- The current market capitalisation as of the IFA Reference Date implies a valuation of the F&N Group's 12.05% stake in PMP at approximately S\$8 million (based on an exchange rate of 1 AUD to 0.78084 S\$ as of the IFA Reference Date).

In arriving at our sum-of-the-parts valuation for the F&N Group we have used a range of values for the PMP business between S\$8 million and S\$31 million.

(i) Share price and trading activity

Chart 22 – PMP historical share price analysis



Source: Bloomberg as of the IFA Reference Date

Notes:

- **18 November 2011: Annual General Meeting**
The Annual General Meeting was convened to report on PMP's performance in fiscal year 2011 and to discuss the company's outlook for the year.
- **16 February 2012: Announcement of half year 2012 results**
PMP announced earnings before interest and tax (EBIT) and before significant items, of \$23.1million – down 28.2% on the corresponding period for the previous year.
- **23 April 2012: Announcement of revised FY12 guidance**
Trading results for March were circa 20% below forecast and at the same time the 4th quarter forecast indicated lower than expected volumes due to further deterioration in demand from the retail and publishing markets. PMP provided guidance to the market that the full year EBIT (before significant items) would likely be in the range of \$30 million to \$33 million and net debt would likely be in the vicinity of \$150 million to \$155 million.
- **27 April 2012: Announcement of takeover offer**
PMP's Directors advised that they received a highly conditional non-binding indicative offer for the purchase of PMP in a range between \$0.68 to \$0.78 cents per share.
- **7 May 2012: Appointment of Financial Advisor**
PMP appointed Gresham Partners as its financial advisors in respect to the indicative offer to purchase the company.
- **21 May 2012: Announcement of TMA Group's intention to buy PMP**
PMP confirmed that the offer had been provided by TMA. There was no certainty that TMA or any other party will proceed with any proposal for the acquisition of PMP or, of it did, that the timing of such proposal or the terms and conditions on which any such proposal would be made. TMA provided funding commitment letters in a form that is customary at this preliminary stage of a potential transaction. The views expressed in the funding commitment letters were preliminary and any funding commitment that may be made in the future is subject to the completion of due diligence to financiers' satisfaction, credit and other required approvals and documentation. PMP would provide additional information concerning this matter, in accordance with its continuous disclosure obligations.

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■ **27 August 2012: Announcement of full year 2012 earnings and update on planned restructuring of Australian print business**

Earnings before interest and tax and significant items for the year ended 30 June 2012 were \$32.7 million. This result represented a reduction of 42.3% on the corresponding period last year. The net loss after tax and significant items was \$24.5 million compared to a loss of \$11.3 million last year.

■ **28 September 2012: Announcement of CEO resignation**

Mr Richard Allely, the PMP Limited CEO and Managing Director, today advised the Board of PMP that he would leave the Company in 12 months (30 September 2013). Mr. Allely's contract runs until 30 June 2014 and he is required to give at least 6 months notice of his intention to leave. The Board of PMP will meet within the next two weeks to discuss the issue of a successor.

■ **12 October 2012: Announcement of appointment of new CEO**

The Board of Directors of PMP announced that Mr. Peter George will be appointed Managing Director effective 22 October 2012. Mr. George was previously a Non-Executive Director of the Company for nine years and recently accepted an executive role as Chief Operating Officer. Mr. George is a seasoned Chief Executive with a strong record in corporate restructuring. Mr. George was largely responsible for the successful transformation plan of the New Zealand Print business

(ii) **VWAP**

The volume-weighted average price ("VWAP") and trading volume of the shares of PMP from 1-year prior to the Unaffected Share Price Date to the IFA Reference Date is set out below.

PMP VWAP and trading volume

	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume (‘000s)
Periods prior to Unaffected Share Price Date				
Last 1 years	0.67	0.96	0.32	194
Last 6 months	0.52	0.79	0.32	137
Last 3 months	0.55	0.79	0.32	154
Last 1 month	0.45	0.49	0.42	56
Last transaction price prior to Unaffected Share Price Date ⁽¹⁾	0.49	0.49	0.47	51
Periods prior to OUE Offer Announcement Date				
Last 1 year	0.54	0.79	0.21	146
Last 6 months	0.41	0.54	0.21	75
Last 3 months	0.32	0.42	0.21	63
Last 1 month	0.27	0.32	0.21	90
Last transaction price prior to OUE Offer Announcement Date ⁽¹⁾	0.22	0.22	0.22	22
Periods after OUE Offer Announcement Date				
Between OUE Offer Announcement Date and IFA Reference Date	0.23	0.24	0.20	62
IFA Reference Date ⁽¹⁾	0.21	0.21	0.20	79

Source: Bloomberg. VWAPs and share prices converted to S\$ based on AUD: S\$ exchange rate from FactSet on IFA Reference Date

Note:

(1) Refers to last closing price

(iii) Past dealings in shares

On 21 September 2007, PMP entered into a conditional contract to acquire Times Printers (Australia) Pty Ltd from TPL, a unit of the Company. The purchase price was partially met by issuing 39 million new ordinary shares in PMP at an issue price of \$1.65 and amounting to 11.5% of the expanded share capital of PMP.

We note that there is no assurance that the price of the shares of PMP will remain at current levels after the close or lapse of the OUE Offer. In addition, we note that our analysis of the past price performance of the shares of PMP is not indicative of the future price performance levels of the shares of PMP, which will be governed by amongst other factors, the performance and prospects of PMP, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

We note that the stock price is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.

(c) Fung Choi Media Group Limited (“Fung Choi”)

Fung Choi is a PRC-based media and marketing services company, primarily engaged in commercial displays, printing, packaging and advertising. Its commercial displays business is based in Zhongshan and carries out the design, manufacture and sale of various display units as well as delivery and installation services. The printing business specialises in commercial printing and publication printing with facilities located in Guangzhou and Qingdao. The packaging business operates mainly out of facilities in Qingdao, where it designs and manufactures a wide range of packaging products. Advertising business owns the advertising rights to a portfolio of magazines widely distributed over major provinces and municipal cities across the PRC.

We note the following key considerations in reference to the valuation of the Fung Choi business:

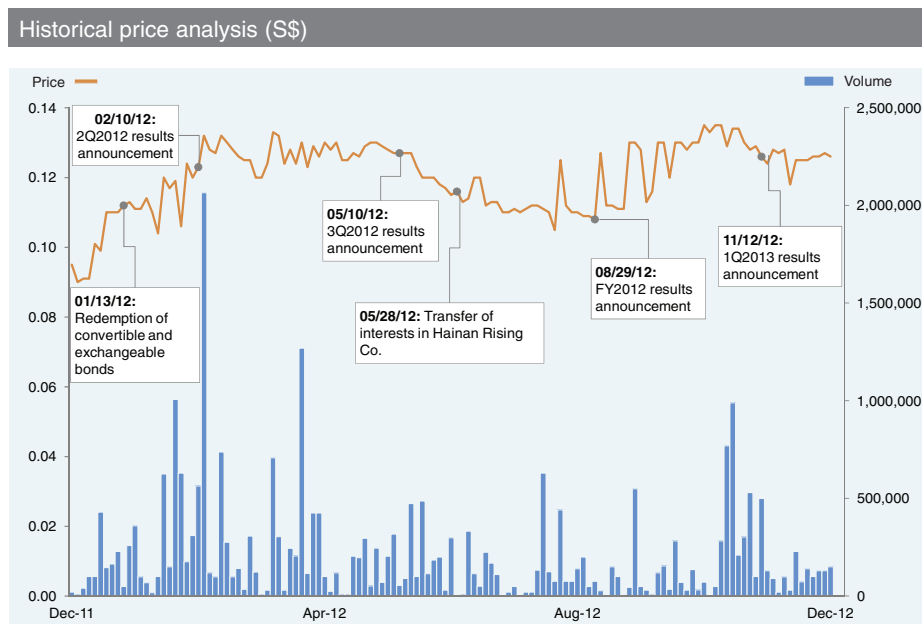
- The closing prices of the shares of Fung Choi traded within a range of S\$0.090 and S\$0.135 over the trailing twelve months prior to the IFA Reference Date which implies an equity value of between S\$19 million and S\$29 million in respect of the F&N Group’s 29.48% stake in Fung Choi.
- The current market capitalisation as of the IFA Reference Date implies valuation of the F&N Group’s 29.48% stake in Fung Choi of approximately S\$27 million.

In arriving at our sum-of-the-parts valuation for the F&N Group we have used a range of values for the Fung Choi business between S\$19 million and S\$29 million.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

(i) Historical share price and trading activity

Chart 23 – Fung Choi historical share price analysis



Source: Bloomberg as of the IFA Reference Date

Notes:

■ 8 November 2011: 1Q 2012 results announcement

Fung Choi released first quarter financial statements for the first three months ended 30 September 2011.

■ 21 November 2011: Increase in equity interest in subsidiaries

The board of directors of Fung Choi announced that its subsidiary Hainan Rising Commercial Retail Planning Services Co., Ltd (“**Hainan Rising**”), increased its equity interest from 80% to 100% in each of its six subsidiaries in the People’s Republic of China (“**PRC**”), namely Lanzhou Rising Point of Sales Services Co., Ltd (“**Lanzhou Rising**”), Shanghai Rising Marketing Planning Services Co., Ltd (“**Shanghai Rising**”), Fuzhou Taijiang Rising Damei Exhibition and Display Co., Ltd (“**Fuzhou Rising**”), Guangzhou Rising Marketing Planning Services Co., Ltd (“**Guangzhou Rising**”), Nanjing Rising Marketing Planning Services Co., Ltd (“**Nanjing Rising**”) and Harbin Rising Deheng Exhibition and Display Co. (“**Harbin Rising**”).

■ 13 January 2012: Redemption of convertible and exchangeable bonds

The board of directors of Fung Choi refers to the announcement made by the company dated 10 January 2012 in relation to the RMB190 million in aggregate principal amount of US dollar settled zero coupon convertible bonds due 2012 and the RMB190 million in aggregate principal amount of US dollar settled zero coupon exchangeable bonds due 2012. As stated in the announcement, the company had, on 11 January 2012, redeemed RMB9 million in principal amount of the convertible bonds and RMB9 million in principal amount of the exchangeable bonds at a redemption price of RMB11,362,500 (being 126.25 percent of RMB 9 million) each respectively, which had been financed by internal resources. The company shall redeem all outstanding convertible bonds and exchangeable bonds on or before 27 February 2012 and the second redemption amount (as defined in the announcement) will be financed by a combination of internal resources and bank borrowings. In this regard, the board of directors of the company announced that the company entered into a facility agreement dated 12 January 2012 amongst (1) Fung Choi Printing Limited (a wholly-owned subsidiary of the company) as the borrower, (2) the company and High Rank Development Limited (a wholly owned subsidiary of the company) as the guarantors and Standard Chartered Bank (Hong Kong) Limited as the lender, pursuant to which the lender agreed to grant to Fung Choi Printing Limited a one year bridge loan facility for up to HKD350 million, subject to the terms and conditions of the Facility Agreement.

■ 10 February 2012: 2Q 2012 Results

Fung Choi released second quarter financial statements for the three months ended 31 December 2011.

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■ 10 May 2012: 3Q 2012 Results

Fung Choi released third quarter financial statements for the three months ended 31 March 2012.

■ 29 August 2012: FY 2012 Results

Fung Choi released full year financial statements for the year ended 30 June 2012.

■ 12 November 2012: 1Q 2013 Results

Fung Choi released second quarter financial statements for the three months ended 30 September 2012

(ii) VWAP

The volume-weighted average price (“**VWAP**”) and trading volume of the shares of Fung Choi for the past one year up to the IFA Reference Date is set out below.

Fung Choi VWAP and trading volume

	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume (‘000s)
Periods prior to Unaffected Share Price Date				
Last 1 years	0.11	0.16	0.08	182
Last 6 months	0.12	0.13	0.10	136
Last 3 months	0.12	0.13	0.11	75
Last 1 month	0.11	0.11	0.11	7
Last transaction price prior to Unaffected Share Price Date ⁽¹⁾	0.11	0.11	0.11	20
Periods prior to OUE Offer Announcement Date				
Last 1 year	0.12	0.14	0.09	116
Last 6 months	0.12	0.14	0.11	82
Last 3 months	0.13	0.14	0.11	93
Last 1 month	0.13	0.14	0.13	174
Last transaction price prior to OUE Offer Announcement Date ⁽¹⁾	0.13	0.13	0.13	500
Periods after OUE Offer Announcement Date				
Between OUE Offer Announcement Date and IFA Reference Date	0.13	0.13	0.12	91
IFA Reference Date ⁽¹⁾	0.13	0.13	0.13	150

Source: Bloomberg

Note:

(1) Refers to last closing price

(iii) Past dealings in shares

- As per the 19 May 2005 announcement, F&N acquired 4,950,000 shares of Fung Choi in the open market for a total consideration of approximately S\$1,800,000;
- As per the 24 May 2005 announcement, F&N acquired 5,170,000 shares of Fung Choi in the open market for a total consideration of approximately S\$1,929,000;

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- As per the 17 May 2006 announcement, F&N exercised the option to acquire 66,093,000 shares of Fung Choi for a total consideration of approximately S\$29,147,013;
- As per the 17 November 2006 announcement, F&N acquired 18,000,000 shares of Fung Choi for a total consideration of approximately S\$12,070,000; and
- As per the 28 November 2006 announcement, F&N acquired 14,502,800 shares of Fung Choi in the open market for a total consideration of approximately S\$9,354,306.

We note that there is no assurance that the price of the shares of Fung Choi will remain at current levels after the close or lapse of the OUE Offer. In addition, we note that our analysis of the past price performance of the shares of Fung Choi is not indicative of the future price performance levels of the shares of Fung Choi, which will be governed by amongst other factors, the performance and prospects of Fung Choi, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

We note that the stock price is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.

10. Other considerations

- **Alternative offer from third parties**

The Directors have informed JPMSEAL that as at the IFA Reference Date, the Directors and the Company have neither been approached with a higher competing offer, nor an enhancement or revision of the OUE Offer. Assuming the OUE Offer becomes unconditional in all respects, the Offeror would upon the close of the OUE Offer have a decisive influence on the result of, and may deter, a takeover offer by a third party for the Company.

- **Compulsory acquisition**

If the Offeror receives valid acceptances pursuant to the OUE Offer in respect of not less than 90% of the total Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the OUE Offer and excluding any treasury shares), the Offeror will be entitled to exercise its right in accordance with Section 215(1) of the Companies Act to compulsorily acquire, at the OUE Offer Price, all the Shares of Shareholders who have not accepted the OUE Offer and proceed to delist the Company from the SGX-ST. Moreover, in accordance with Section 215(11) of the Companies Act, any OUE Offer Shares which the Offeror acquires or contracts to acquire, other than through valid acceptances of the OUE Offer, for a consideration that does not exceed that under the OUE Offer, shall be deemed to be acquired by virtue of valid acceptances of the OUE Offer.

In addition, if the Offeror acquires such number of Shares which, together with Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total Shares (excluding treasury shares), Shareholders who have not accepted the OUE Offer have a right to require the Offeror to acquire their Shares at the OUE Offer Price in accordance with Section 215(3) of the Companies Act. The Independent Directors may wish to advise Shareholders who wish to exercise such a right are advised to seek their own independent professional advice.

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As stated in the OUE Offer Document, the Offeror has no intention to exercise any such compulsory acquisition right under Section 215(1) of the Companies Act and it is the intention of the Offeror to maintain the listing status of F&N on the SGX-ST. However, the Offeror reserves its right to reassess its position.

Control of the Company

In the event that the OUE Offer becomes unconditional, the Offeror and its concert parties will be in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and would gain statutory control of the Company which entitles them to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders.

■ **Material litigation**

The Directors have confirmed that as at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Company and its subsidiaries, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the F&N Group, taken as a whole.

11. Advice to the Independent Directors

In arriving at our opinion to the Independent Directors, we have relied upon the following key considerations:

- a) The Shares have adequate liquidity. We therefore believe that the historical share prices of the Company provide a meaningful reference price against which to compare the OUE Offer Price. However, the liquidity of the Shares may be impacted following the close of the OUE Offer depending on, amongst other things, the number of Shares tendered into the OUE Offer and there is no assurance that the liquidity of the Shares will remain at current levels;
- b) In the 12-month period prior to the Unaffected Share Price Date, the Shares have traded between S\$5.39 and S\$7.90 based on the daily closing price, i.e. where the OUE Offer Price represents a premium in a range of between 14.9% to 68.5% to these prices;
- c) Following the Unaffected Share Price Date up to the IFA Reference Date, the Shares have traded between S\$7.60 and S\$9.45 based on the daily closing price, i.e. where the OUE Offer Price represents a range between a discount of (3.9)% to a premium of 19.5% to these prices;
- d) Based on our comparison of the OUE Offer Price against the Company's volume-weighted average prices over the various timeframes, we have assessed:
 - i. The OUE Offer Price represents a premium of approximately 18.7%, 25.2%, 31.9%, 34.5% and 44.3% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods up to and including the Unaffected Share Price Date;
 - ii. The OUE Offer Price represents a premium/(discount) of approximately (1.0)%, (0.4)%, 2.2%, 6.8% and 11.4% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods preceding the OUE Offer Announcement Date;

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- iii. The OUE Offer Price represents a premium of approximately 14.9% to the last transacted price of S\$7.90 on the Unaffected Share Price Date and represents a discount of approximately (0.5)% to the last transacted price of S\$9.13 one Market Day prior to the OUE Offer Announcement Date;
 - iv. The OUE Offer Price represents a discount of approximately (3.9)% to the closing price of the Shares of S\$9.45 as at the IFA Reference Date; and
 - v. The implied OUE Offer Price excluding the APBL and APIPL Proceeds would be S\$5.20 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date to the IFA Reference Date excluding the APBL and APIPL Proceeds would be S\$4.94 per Share. Therefore, the OUE Offer Price excluding the APBL and APIPL Proceeds represents a premium of approximately 5.3% during this period;
- e) The valuation multiples implied by the OUE Offer Price as compared with the historical trading levels of the Company are as follows:
- i. The OUE Offer Price represents a premium of approximately 22.1%, to the median of F&N's trailing 12 month EV/EBITDA multiple of 11.8x from the Unaffected Share Price Date;
 - ii. The OUE Offer Price represents a premium of approximately 58.4%, to the median of F&N's trailing 12 month P/E multiple of 17.5x from the Unaffected Share Price Date;
 - iii. The OUE Offer Price represents a premium of approximately 32.6%, to the median of F&N's trailing 12 month P/B multiple of 1.3x from the Unaffected Share Price Date;
 - iv. The OUE Offer Price represents a discount of approximately (16.8)% to the median of F&N's trailing 12 month EV/EBITDA multiple of 16.4x from the Unaffected Share Price Date to the IFA Reference Date;
 - v. The OUE Offer Price represents a premium of approximately 7.6% to the median of F&N's trailing 12 month P/E multiple of 25.7x from the Unaffected Share Price Date to the IFA Reference Date; and
 - vi. The OUE Offer Price represents a discount of approximately (0.1)% to the median of F&N's trailing 12 month P/B multiple of 1.7x from the Unaffected Share Price Date to the IFA Reference Date;
- f) The general offer premia resulting from the OUE Offer Price compared with the corresponding median offer premia of selected general offers in Singapore for acquisition targets across a number of industries for control since January 2007 are as follows:
- i. The general offer premia resulting from the OUE Offer Price compared to the share price as of the Unaffected Share Price Date is below the median of the 1-day, 1-month and 6-month offer premia of selected general offers in Singapore but above the 3-month offer premia of the abovementioned transactions;
 - ii. The general offer premia resulting from the OUE Offer Price compared to the share price preceding the OUE Offer Announcement Date is below the median of the 1-day, 1-month, 3-month and 6-month offer premia of selected general offers in Singapore;

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- g) Based on certain research reports by stock brokers in relation to the Shares and/or the OUE Offer, we note the following:
 - i. The OUE Offer Price represents a premium of 22.7% to the average price target estimates by brokers as of the Unaffected Share Price Date;
 - ii. The OUE Offer Price represents a discount of (3.9)% to the average price target estimates by brokers as of the OUE Offer Announcement Date; and
 - iii. The OUE Offer Price represents a discount of (3.8)% to the average price target estimates by brokers as of the IFA Reference Date; and
- h) We note that the OUE Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share of S\$8.58 to S\$11.56:
 - i. We also note that the implied OUE Offer Price excluding the APBL and APIPL Proceeds falls within the range of the estimated sum-of-the-parts valuation of each Share excluding the APBL and APIPL Proceeds.

On the basis of and subject to the foregoing, it is our opinion that, as of the IFA Reference Date, the OUE Offer Price is **not compelling but fair**, from a financial point of view.

The Independent Directors should note that a discount may be applied on the sum-of-the-parts valuation of a conglomerate such as the F&N Group for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently. In arriving at the sum-of-the-parts valuation of the F&N Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, *inter alia*, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.

For the purposes of providing this letter and our evaluation of the OUE Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company or the F&N Group. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company. We are therefore not expressing any opinion herein as to the price at which the Shares may trade whether or not the OUE Offer is declared unconditional in all respects or on the future financial performance of the Company.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances and we neither assume any responsibility for, nor hold ourselves out as advisers to any Shareholder or other person other than the Independent Directors.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters including potential synergies that may arise out of the OUE Offer. Our opinion also does not incorporate an assessment of the price at which Shares may trade following the success or failure of the OUE Offer or any alternative offers that may be made for the Company and its assets. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the OUE Offer.

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The Independent Directors may wish to consider advising Shareholders who:

- i. Wish to realise their investments in the Company at this time but are unable to sell their Shares in the open market at a price (after deducting related expenses) higher than the OUE Offer Price; and/or
- ii. Believe that the current market price of the Shares may decrease; and/or
- iii. Believe that a higher competing offer will not be made; and/or
- iv. Are uncertain of the longer term performance and prospects of the Company, either on a status quo basis or under the stewardship of the Offeror and its concert parties,

that such Shareholders may wish to consider selling all or a portion of their Shares in the open market or tendering Shares in acceptance of the OUE Offer. If the Independent Directors make a recommendation to Shareholders to tender Shares in acceptance of the OUE Offer, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that the OUE Offer will become unconditional in all respects, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the OUE Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

The Independent Directors may wish to consider advising Shareholders who:

- (i) Do not currently wish to realise their investments in the Company; and/or
- (ii) Believe that the current market price of the Shares may increase; and/or
- (iii) Believe that a higher competing offer may be made; and/or
- (iv) Hold a favourable view and are confident of the Company's prospects, either on a status quo basis or under the stewardship of the Offeror and its concert parties, and believe that they will be able to realise greater value from continuing to own their Shares,

that such Shareholders may wish to consider retaining all or a portion of their Shares. If the Independent Directors make a recommendation to Shareholders to retain their Shares, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that following the close of the OUE Offer, the Company will meet the minimum public float required under the Listing Manual, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the OUE Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

As the ESOS Options and the Share Awards are not freely transferable by the holders thereof, the Offeror has stated in sections 2.5 and 2.6 of the OUE Offer Document that it will not make an offer to acquire the ESOS Options and/or the Share Awards.

However, as the OUE Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, vesting or release of the ESOS Options or Share Awards (collectively, "**Options**") on or prior to the OUE Offer Closing Date, the Independent Directors may wish to consider providing the same advice to the holders of such Options in respect of any Option held by them, and also highlighting the matters set forth in the relevant Section of this letter.

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The Directors have confirmed that, as at the IFA Reference Date, there are no ESOS Options whose exercise price is higher than or equivalent to the OUE Offer Price.

We wish to emphasise that we have been appointed to render our opinion on the IFA Reference Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of the Company or the F&N Group. This letter is addressed to the Independent Directors solely for their benefit in connection with and for the purposes of their consideration of the OUE Offer Price and the Kirin F&B Offer Price. This letter is not addressed to and may not be relied upon by any third party including, without limitation, Shareholders, holders of options or awards issued by the Company, employees or creditors of the Company. This letter does not constitute, and should not be relied on, as advice or a recommendation to, or confer any rights or remedies upon, any Shareholder as to how such person should deal with their Shares in relation to the OUE Offer or any matter related thereto. Nothing herein shall confer or be deemed or is intended to confer, any right or benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore shall not apply. The recommendation made by the Independent Directors to the Shareholders in relation to the OUE Offer remains the sole responsibility of the Independent Directors.

This letter is governed by, and construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. No other person may use, reproduce, disseminate, refer to or quote this letter (or any part thereof) for any purpose at any time and in any manner except with J.P. Morgan's prior written approval in each specific case.

Yours faithfully,
For and on behalf of
J.P. MORGAN (S.E.A.) LIMITED

Hong Ping Yeo
Managing Director

APPENDIX I – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Description ⁶
Mr Lee Hsien Yang	14A Caldecott Close Singapore 299123	Chairman, Non-Executive and Non-Independent Director
Mr Timothy Chia Chee Ming	7 Nassim Road #01-01 Nassim Lodge Singapore 258374	Non-Executive and Independent Director
Ms Maria Mercedes Corrales	208 Camachile St., Ayala Alabang Village Muntinlupa City 1780 Philippines	Non-Executive and Independent Director
Mr Ho Tian Yee	11 Ardmore Park #05-04 Ardmore Park Singapore 259957	Non-Executive and Independent Director
Mr Hirotake Kobayashi	5-27-16 Kanai, Machida-Shi, Tokyo, 195-0072 Japan	Non-Executive and Non-Independent Director
Mr Koh Beng Seng	11 Evelyn Road #11-01 Setia Residences Singapore 309304	Non-Executive and Independent Director
Dr Seek Ngee Huat	41 Victoria Park Road Singapore 266520	Non-Executive and Independent Director
Mr Tan Chong Meng	57 Moonbeam Terrace Holland Gardens Singapore 277319	Non-Executive and Independent Director
Mr Nicky Tan Ng Kuang	9 Queen Astrid Park Singapore 266799	Non-Executive and Independent Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated on 26 January 1898 and is listed on the Mainboard of the SGX-ST.

The Company, together with its subsidiaries, is recognised as a leading pan-Asian consumer group with core expertise and strong standing in the food and beverage, property and publishing, and printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, as well as years of acquisition experience, the Company provides key resources and sets strategic directions for its subsidiary companies across all three (3) industries. The Company owns an impressive array of renowned brands that enjoy market leadership across a mix of beer, dairies and soft drinks, residential properties, retail malls and serviced residences, as well as publishing and printing services.

⁶ Description of each Director for the purposes of the Code of Corporate Governance.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

The Company has shareholders' funds (including non-controlling interests) of approximately S\$8.3 billion and total assets of approximately S\$14.7 billion as at 30 September 2012. The Company is present in over 30 countries spanning the Asia Pacific region, Europe and the United States of America.

3. SHARE CAPITAL

3.1 Issued Share Capital. The Company has only one class of shares, being ordinary shares. As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$1,559,303,590.96 comprising 1,440,522,280 Shares (excluding 4,100 treasury shares). The Shares are quoted and listed on the Mainboard of the SGX-ST.

3.2 Rights of Shareholders in respect of Capital, Dividends and Voting. The rights of Shareholders in respect of capital, dividends and voting as contained in the Articles are set out in Appendix III of the TCC Offeree Circular, a copy of which is available at the SGX-ST's website at www.sgx.com.

3.3 Number of Shares Issued. Since 1 October 2012, there were:

- (a) 10,058,342 Shares issued pursuant to the exercise of ESOS Options under the Scheme; and
- (b) 2,100,250 Shares issued pursuant to the vesting of Share Awards under the Share Plans.

Save as disclosed above, as at the Latest Practicable Date, there are no changes to the number of Shares issued since 1 October 2012.

3.4 Outstanding Instruments Convertible into Shares. As at the Latest Practicable Date:

- (a) there are outstanding ESOS Options granted under the Scheme, the details of which are as follows:

	No. of Shares Comprised in Outstanding ESOS Options	Exercise Price per Share (S\$)	Exercise Period	
			From	To
10 Oct 2005	157,375	3.46	10 July 2008	9 Sept 2015
10 Oct 2006	207,288	4.22	10 July 2009	9 Sept 2016
10 Oct 2007	566,647	5.80	10 July 2010	9 Sept 2017
25 Nov 2008	65,846	2.86	25 Aug 2011	24 Oct 2018

- (b) there are 3,912,420⁷ outstanding Share Awards granted under the Share Plans, pursuant to which the Company may deliver up to 5,226,283 Shares to the holders of such Share Awards, either in the form of new Shares or existing Shares, free of payment, upon the vesting of the Share Awards.

Save as disclosed above, there are no outstanding instruments convertible into, rights to subscribe for, or options in respect of, securities being offered for or which carry voting rights affecting the Shares.

⁶ Depending on whether certain performance targets are met over a two-year period (for the RSP) and three-year period (for the PSP), the final number of Shares allotted or transferred to the recipient can range from 0% to 150% (for the RSP) and 0% to 200% (for the PSP) of the Share Awards. In this regard, as at the Latest Practicable Date, the maximum number of Shares which could be allotted or transferred pursuant to the outstanding Share Awards would be 5,226,283 Shares.

The Company is intending to grant 1,689,904 additional Share Awards under the Share Plans (the maximum number of Shares which could be allotted or transferred pursuant to these new Share Awards will be 2,638,061 Shares), on a date falling subsequent to the Latest Practicable Date. Accordingly after the grant of those additional Share Awards, there will be an aggregate of 5,602,324 Share Awards outstanding under the Share Plans, and the aggregate maximum number of Shares which could be allotted or transferred pursuant to all the Share Awards would be 7,864,344 Shares.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

4. FINANCIAL INFORMATION

- 4.1 Consolidated Profit Statements.** A summary of the audited consolidated profit statements of the F&N Group for the past three (3) financial years ended 30 September 2009, 30 September 2010 and 30 September 2011, the unaudited restated consolidated profit statement of the F&N Group for the full year ended 30 September 2011 and the unaudited consolidated profit statement for the full year ended 30 September 2012 is set out below. The following summary should be read together with the audited consolidated financial statements and the unaudited consolidated profit statements for the relevant financial periods and related notes thereto, copies of which are available for inspection as set out in paragraph 12 of Appendix I to this Circular.

S\$' million	Audited ⁽¹⁾			Unaudited Restated	Unaudited
	FY2009	FY2010	FY2011	FY2011	FY2012
Revenue	5,146	5,697	6,274	4,610	3,596
Profit before interest and taxation	799	1,071	1,152	843	541
Net finance cost	(62)	(62)	(54)	(57)	(84)
Impairment on investments	(7)	(9)	–	–	–
Fair value adjustment of investment properties	(123)	129	140	140	342
Exceptional items	7	43	175	136	61
	(123)	163	315	276	403
Profit before taxation	614	1,172	1,413	1,062	860
Taxation	(179)	(270)	(299)	(197)	(100)
Profit after taxation	435	902	1,114	865	760
Profit from discontinued operations after taxation	8	160	–	267	251
Non-controlling interests	(83)	(242)	(239)	(234)	(175)
Profit after tax and non-controlling interests (after fair value adjustments and exceptional items)	360	820	875	898	836
Profit after tax and non-controlling interests (before fair value adjustments and exceptional items)	466	583	621	643	472
Earnings per share (cents) (before fair value adjustments and exceptional items)	33.5	41.7	44.1	45.7	33.2
Earnings per share (cents) (after fair value adjustments and exceptional items)	25.9	58.6	62.2	63.8	58.9
Dividend per share (cents)	13.5	17.0	18.0	18.0	18.0

Notes:

(1) The audited profit statements are not restated.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

4.2 Consolidated Balance Sheets. A summary of the audited consolidated balance sheet of the F&N Group as at 30 September 2011, the unaudited restated consolidated balance sheet of the F&N Group as at 30 September 2011 and the unaudited consolidated balance sheet of the F&N Group as at 30 September 2012, is set out below. The following summary should be read together with the audited consolidated financial statements and the unaudited consolidated balance sheets for the relevant financial periods and the related notes thereto, copies of which are available for inspection as set out in paragraph 12 of Appendix I to this Circular.

S\$' million	Audited ⁽¹⁾ As at 30 Sept 2011	Unaudited Restated As at 30 Sept 2011	Unaudited As at 30 Sept 2012
Non-current assets	6,275	6,276	5,815
Current assets	7,498	7,648	8,836
Current liabilities	(2,543)	(2,799)	(3,240)
	4,955	4,849	5,596
Non-current liabilities	(3,509)	(3,450)	(3,156)
	7,721	7,675	8,255
Share capital	1,417	1,417	1,499
Reserves	5,465	5,427	6,093
	6,882	6,844	7,592
Non-controlling interests	839	831	663
Total equity	7,721	7,675	8,255

Note:

(1) The audited balance sheet is not restated.

4.3 Material Changes in Financial Position. Material changes in the financial position of the F&N Group that were announced by the Company on the SGXNET since 30 September 2011 (being the date of the balance sheet of the last published audited consolidated financial statements of the Company) include the following:

- (a) On 18 August 2012, the Company announced the APB Sale, which was approved by Shareholders at the extraordinary general meeting of the Company held on 28 September 2012. The Company further announced on 15 November 2012 that the APB Sale was completed on 15 November 2012.
- (b) On 14 September 2012, the Company announced that FCL (China) Pte Ltd, a direct wholly-owned subsidiary of Frasers Centrepoint Limited and an indirect wholly-owned subsidiary of the Company, had accepted an unsolicited offer from, and had signed a sale and purchase agreement with Famous Commercial Limited, a wholly-owned subsidiary of Gemdale Corporation (a company listed on the Shanghai Stock Exchange), to sell 3,847,509,895 ordinary shares of HKD0.10 each in the capital of Frasers Property (China) Limited ("FPCL"), representing approximately 56.05 per cent. of FPCL's entire issued share capital, to Famous Commercial Limited at a price of HKD0.43 per sale share ("FPCL Sale"). The FPCL Sale was completed on 28 September 2012 and is not expected to have any material effect on the net asset value per Share or earnings per Share of the F&N Group for the financial year ending 30 September 2012.
- (c) On 8 October 2012, the Company announced a revaluation surplus arising from valuations of the F&N Group properties. For the purpose of preparation of the TCC Offeree Circular, the Company had commissioned the Independent Valuers to carry out valuations in relation to certain real estate assets (the "Properties") held by the F&N Group (the "Valuation Exercise"). The extracts of the valuation reports (the "Valuation Reports") are set out in Appendix V of the TCC Offeree Circular. Copies of the Valuation Reports are available for inspection as set out in paragraph 12 of Appendix I to this Circular.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

Save as disclosed in this Circular, the OUE Offer Document and publicly available information on the Company (including and not limited to the Annual Report 2011 of the Company and the announcements released by the Company on the SGXNET and the TCC Offeree Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 30 September 2011, being the date of the last published audited financial statements of the Company.

- 4.4 Significant Accounting Policies.** A summary of the significant accounting policies of the F&N Group is set out in the notes to the audited consolidated financial statements of the F&N Group for FY2011 and the significant change in accounting policies is set out in the notes to the unaudited financial results announcement of the F&N Group for FY2012 (“**Notes to the Relevant Financial Statements**”). Copies of the audited consolidated financial statements of the F&N Group for FY2011, the unaudited restated consolidated profit statement and balance sheet of the F&N Group for FY2011 and the unaudited financial results announcement of the F&N Group for FY2012, are available for inspection as set out in paragraph 12 of Appendix I to this Circular.

Save as disclosed in the Notes to the Relevant Financial Statements, (i) there are no significant accounting policies or any matter from such notes, which are of any major relevance for the interpretation of the accounts of the F&N Group and (ii) there is no change in the accounting policies of the F&N Group which will cause the figures set out in paragraph 4 of Appendix I to this Circular not to be comparable to a material extent, except for the non-restatement of the audited consolidated financial statements of the F&N Group for FY2009 and FY2010.

5. DISCLOSURE OF INTERESTS

5.1 Interests and Dealings in Shares and Convertible Securities.

- (a) As at the Latest Practicable Date, neither the Company nor its subsidiaries has any direct or deemed interest in any shares, or any convertible securities, warrants, options or derivatives of OUE Baytown.

Further, neither the Company nor its subsidiaries has dealt for value in any shares, or any convertible securities, warrants, options or derivatives of OUE Baytown, during the period commencing six (6) months prior to the OUE Holding Announcement Date, and ending on the Latest Practicable Date.

- (b) As at the Latest Practicable Date, none of the Directors has any direct or deemed interest in any shares, or any convertible securities, warrants, options or derivatives of OUE Baytown.

Further, none of the Directors has dealt for value in any shares, or any convertible securities, warrants, options or derivatives of OUE Baytown during the period commencing six (6) months prior to the OUE Holding Announcement Date, and ending on the Latest Practicable Date.

- (c) As at the Latest Practicable Date, and save as disclosed below, none of the Directors has any direct or deemed interests in any Shares, or any convertible securities, warrants, options or derivatives of the Company:

APPENDIX I – ADDITIONAL GENERAL INFORMATION

Shares

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Mr Lee Hsien Yang	180,000	0.012	408,240 ⁽²⁾	0.028
Mr Timothy Chia Chee Ming	15,187	0.001	—	—
Mr Tan Chong Meng	30,000	0.002	—	—
Mr Nicky Tan Ng Kuang	50,000	0.003	—	—

Notes:

- (1) Based on 1,440,522,280 Shares in issue (excluding 4,100 treasury shares) as at the Latest Practicable Date.
- (2) Mr Lee is deemed to have an interest in 408,240 Shares held by the estate of Mr Kwa Siew Tee, which he is one of 3 trustees.

None of the Directors has dealt for value in any Shares, or any convertible securities, warrants, options or derivatives of the Company, during the period commencing six (6) months prior to the OUE Holding Announcement Date and ending on the Latest Practicable Date.

- (d) As at the Latest Practicable Date, none of J.P. Morgan or any funds whose investments are managed by J.P. Morgan on a discretionary basis owns or controls any Shares or any convertible securities, warrants, options or derivatives of the Company.

Further, none of J.P. Morgan or any funds whose investments are managed by J.P. Morgan on a discretionary basis has dealt for value in any Shares, or any convertible securities, warrants, options or derivatives of the Company, during the period commencing six (6) months prior to the OUE Holding Announcement Date and ending on the Latest Practicable Date.

5.2 Directors' Service Contracts.

- (a) As at the Latest Practicable Date, and save as disclosed below, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than twelve (12) months to run and which are not terminable by the employing company within the next twelve (12) months without paying any compensation:

Mr Pascal De Petrini, Chief Executive Officer of the Food & Beverage division of the Company and a director of certain entities within the F&N Group, is entitled to a payment upon termination of his employment with the F&N Group. Pursuant to Mr Petrini's employment contract, which does not have an expiry date, Mr Petrini is entitled to be paid an annual base salary of approximately S\$1,150,000 (excluding fixed allowances) and a cash reimbursement equal to the value of the long-term incentive under his employment contract with his previous employer. Under his employment contract, variable bonus is also payable dependent on the extent to which the targets set for the relevant financial year have been achieved subject to a guaranteed sum of S\$707,696 in the first financial year of his employment. In the event that Mr Petrini's employment contract is terminated within twelve (12) calendar months after the occurrence of a change in control event (as defined therein), the Company will be required to pay Mr Petrini S\$1,000,000 in cash on the last day of his employment (or at such earlier date required by law).

- (b) There are no such service contracts entered into or amended between any Director or proposed director with the Company or any of its subsidiaries during the period commencing six (6) months prior to the OUE Holding Announcement Date and ending on the Latest Practicable Date.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

5.3 Arrangements Affecting Directors.

- (a) As at the Latest Practicable Date, there are no payments or other benefits which will be made or given by the Company or its subsidiaries to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the OUE Offer.
- (b) As at the Latest Practicable Date, there are no arrangements or agreements made between any Director and any other person in connection with, or conditional upon the outcome of, the OUE Offer.
- (c) As at the Latest Practicable Date, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by OUE Baytown.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor its subsidiaries has entered into any material contract (not being a contract entered into in the ordinary course of business) with interested persons during the period commencing three (3) years prior to the OUE Holding Announcement Date, and ending on the Latest Practicable Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

8. MARKET QUOTATION

The table below sets out the highest, lowest and last transacted prices and trading volume of the Shares on the SGX-ST on a monthly basis from April 2012 (being six (6) months preceding the OUE Holding Announcement Date) and ending on the Latest Practicable Date:

Month	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Transacted Price as at Last Market Day (S\$)	Trading Volume
April 2012	7.06	6.57	7.04	27,354,285
May 2012	7.17	6.40	6.40	32,927,762
June 2012	7.00	6.24	7.00	25,212,841
July 2012	8.40	7.03	8.18	115,471,358
August 2012	8.59	8.15	8.21	473,919,655
September 2012	8.97	8.20	8.88	136,980,968
October 2012	9.29	8.88	9.16	156,949,872
November 2012	9.42	9.09	9.42	95,438,538
December 2012 (up to the Latest Practicable Date)	9.52	9.39	9.52	21,980,174

Source: Bloomberg L.P.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

Highest and Lowest Prices

The highest and lowest closing prices of the Shares on the SGX-ST during the period commencing from April 2012 and ending on the Latest Practicable Date are as follows:

Highest closing price : S\$9.52

Lowest closing price : S\$6.24

9. OVERSEAS SHAREHOLDERS

- 9.1 Availability of OUE Offer.** The availability of the OUE Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdiction. Overseas Shareholders should refer to Section 14 of the OUE Offer Document which is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“14.1 Overseas Shareholders

The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdiction. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable requirements in their own jurisdictions. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, each of the Offeror and the Financial Advisers reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares, including those to whom this Offer Document, the FAA and/or the FAT have not been or will not be sent.

*Copies of this Offer Document and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

14.2 Overseas Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction in connection therewith (including the provision to him of such documents). Such Overseas Shareholder shall be liable for the payment of any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including the Financial Advisers, CDP and the Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any taxes, imposts, duties or requisite payments that may be required to be paid. In (a) requesting for this Offer Document, the FAA and/or the FAT or (b) accepting

APPENDIX I – ADDITIONAL GENERAL INFORMATION

the Offer, each Overseas Shareholder represents and warrants to the Offeror and the Financial Advisers that he is in full observance of the laws of the relevant jurisdiction in that connection and that he and the provision to him of any such documents are in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.

14.3 Offer Document

The Offer is made solely on the basis of this Offer Document, the FAA and the FAT, which contain the full terms and conditions of the Offer, including details on how the Offer may be accepted. This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or to buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law. The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about, and observe, such restrictions.

14.4 Copies of the Offer Document, the FAA and the FAT

Where there are potential restrictions on sending this Offer Document, the FAA and the FAT to Shareholders in any overseas jurisdiction, each of the Offeror and the Financial Advisers reserves the right not to send this Offer Document, the FAA and the FAT to such overseas jurisdiction. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain copies of this Offer Document, the FAA and/or the FAT, as the case may be, and any related documents, during normal business hours and up to the Closing Date, from (a) OUE Baytown Pte. Ltd. c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, or as the case may be, (b) OUE Baytown Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898. Copies of this Offer Document, the FAA and the FAT may also be downloaded from the SGX-ST website at <http://www.sgx.com>.

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write in to the Receiving Agent at OUE Baytown Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 to request for this Offer Document, the FAA and/or the FAT and any related document(s) to be sent to an address in Singapore by ordinary post at his own risk, provided always that the last date for despatch in respect of such request shall be a date falling three (3) Market Days prior to the Closing Date. It is the responsibility of any Overseas Shareholder who wishes to request for this Offer Document, the FAA and/or the FAT and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting for this Offer Document, the FAA and/or the FAT and any related documents, the Overseas Shareholder represents and warrants to the Offeror and the Financial Advisers that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Each of the Offeror and the Financial Advisers reserves the right not to treat an acceptance or purported acceptance of the Offer in or from any overseas jurisdiction and/or in respect of an Overseas Shareholder as valid. Overseas Shareholders accepting the Offer should note that if they have, in the FAT, provided addresses in overseas jurisdictions for the receipt of remittances of payment by the Offeror, such acceptances may be rejected.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

14.5 Notice

Each of the Offeror and the Financial Advisers reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.”

- 9.2 Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the OUE Offer Closing Date, from the offices of the Registrar at 80 Robinson Road #02-00 Singapore 068898, or make a request to the Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the OUE Offer Closing Date.

10. INFORMATION PERTAINING TO CPFIS INVESTORS

CPFIS Investors should refer to Section 15 of the OUE Offer Document, the relevant portion of which is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“15. INFORMATION RELATING TO CPFIS INVESTORS

CPFIS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks in due course. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared to be unconditional as to acceptances in accordance with its terms, CPFIS Investors who accept the Offer will receive the payment of the Offer Price for their Offer Shares in their CPF investment accounts.”

11. GENERAL INFORMATION

- (a) All expenses and costs incurred by the Company in relation to the OUE Offer will be borne by the Company.
- (b) J.P. Morgan has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the J.P. Morgan Letter (as set out on pages 33 to 116 of this Circular) and all references to them, in the form and context in which they appear in this Circular.
- (c) Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and all references to it and to the valuation reports as published in the TCC Offeree Circular, in the form and context in which they appear in this Circular.
- (d) Tricor Barbinder Share Registration Services has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, in the form and context in which they appear in this Circular.
- (e) Stamford Law Corporation has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, in the form and context in which they appear in this Circular.

APPENDIX I – ADDITIONAL GENERAL INFORMATION

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Registrar at 80 Robinson Road #02-00 Singapore 068898, during normal business hours for the period during which the F&N Offer remains open for acceptance:

- (a) the Memorandum and the Articles of Association of the Company;
- (b) the annual reports of the Company for FY2009, FY2010 and FY2011, the unaudited restated consolidated profit statement and balance sheet of the F&N Group for FY2011, and the unaudited financial results announcement of the F&N Group for FY2012;
- (c) the J.P. Morgan Letter;
- (d) the Break Fee Undertaking;
- (e) the Valuation Reports from the Independent Valuers; and
- (f) the letters of consent referred to in Section 11 of Appendix I to this Circular.

APPENDIX II – ADDITIONAL INFORMATION ON OUE BAYTOWN

Additional information on OUE Baytown and the parties acting in concert with it as set out in Appendix 4 to the OUE Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the OUE Offer Document.

“1. DIRECTOR

The name, address and description of the sole director of the Offeror as at the Latest Practicable Date are as follows:

<i>Name</i>	<i>Address</i>	<i>Description</i>
Mr. Thio Gim Hock	50 Collyer Quay #18-01/02 OUE Bayfront Singapore 049321	Director

2. SHARE CAPITAL

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1.00 consisting of one (1) ordinary share.

3. PRINCIPAL ACTIVITIES

The principal activity of the Offeror is that of an investment holding company. The Offeror has not carried on any business since its incorporation on 22 October 2012.

4. SUMMARY OF FINANCIAL INFORMATION

As the Offeror was only recently incorporated on 22 October 2012, no audited financial statements of the Offeror have been prepared since the date of its incorporation.

5. MATERIAL CHANGES IN FINANCIAL POSITION

Save as a result of the making and financing of the Offer, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Offeror since 22 October 2012, being the date of its incorporation.

6. REGISTERED OFFICE

The registered office of the Offeror is at 50 Collyer Quay, #18-01/02 OUE Bayfront, Singapore 049321.”

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



FRASER AND NEAVE, LIMITED

(Company Registration No. 189800001R)
(Incorporated in the Republic of Singapore)

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 Financial Statements and Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the year ended 30 September 2012.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) GROUP PROFIT STATEMENT

	30/9/2012 \$'000	30/9/2011 \$'000 (Restated)*	Change %
<u>Continuing operations</u>			
Revenue	3,596,097	4,610,237	(22.0)
Cost of sales	(2,412,189)	(3,173,495)	(24.0)
Gross profit	1,183,908	1,436,742	(17.6)
Other income (net)	16,467	30,579	(46.1)
Operating expenses			
- Distribution	(178,142)	(168,292)	5.9
- Marketing	(312,962)	(305,327)	2.5
- Administration	(244,512)	(211,739)	15.5
	(735,616)	(685,358)	7.3
Trading profit	464,759	781,963	(40.6)
Share of associated companies' profits	60,402	52,475	15.1
Gross income from investments	15,618	8,381	86.4
Profit before interest and taxation ("PBIT")	540,779	842,819	(35.8)
Finance income	11,170	5,512	102.6
Finance cost	(95,043)	(62,301)	52.6
Net finance cost	(83,873)	(56,789)	47.7
Profit before fair value adjustment, taxation and exceptional items	456,906	786,030	(41.9)
Fair value adjustment of investment properties	341,585	140,057	143.9
Profit before taxation and exceptional items	798,491	926,087	(13.8)
Exceptional items	60,770	136,341	(55.4)
Profit before taxation	859,261	1,062,428	(19.1)
Taxation	(100,326)	(197,784)	(49.3)
Profit from continuing operations after taxation	758,935	864,644	(12.2)
<u>Discontinued operations</u> #			
Profit from discontinued operations after taxation	251,480	267,080	(5.8)
Profit after taxation	1,010,415	1,131,724	(10.7)
Attributable profit to:			
Shareholders of the Company			
- Before fair value adjustment and exceptional items			
Continuing operations	320,120	518,771	(38.3)
Discontinued operations	152,215	124,179	22.6
	472,335	642,950	(26.5)
- Fair value adjustment of investment properties	340,203	112,925	NM
- Exceptional items			
Continuing operations	50,769	108,495	(53.2)
Discontinued operations	(27,750)	33,460	NM
	23,019	141,955	(83.8)
	835,557	897,830	(6.9)
Non-controlling interests			
Continuing operations	47,843	124,453	(61.6)
Discontinued operations	127,015	109,441	16.1
	174,858	233,894	(25.2)
	1,010,415	1,131,724	(10.7)

NM – Not meaningful

* Restated upon reclassification of brewery operations as discontinued operations, as explained in paragraph 8, page 14, and adoption of INT FRS 115 as detailed in paragraph 5, page 12 of this report.

Discontinued operations are explained in paragraph 8, page 14 of this report.

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



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1(a)(ii) BREAKDOWN AND EXPLANATORY NOTES TO GROUP PROFIT STATEMENT

	30/9/2012 \$'000	30/9/2011 \$'000 (Restated)	Change %
Operating expenses			
Included in operating expenses are:			
Depreciation & amortisation	(98,543)	(95,491)	3.2
Allowance for bad and doubtful debts	(2,340)	(2,375)	(1.5)
Allowance for inventory obsolescence	(4,605)	(10,324)	(55.4)
Employee share-based expenses	(14,192)	(13,965)	1.6
	<hr/>	<hr/>	
Other income (net)			
Loss on disposal of fixed assets	(2,037)	(2,701)	(24.6)
Foreign exchange gain	6,719	17,028	(60.5)
	<hr/>	<hr/>	
Taxation			
Over provision of prior year taxation	28,148	24,348	15.6
	<hr/>	<hr/>	
Exceptional items			
Gain on disposal of subsidiary and associated companies	56,120	6,154	NM
Share of exceptional items of associated companies	20,713	4,066	NM
Assets written off and other expenses incurred relating to flood in Thailand (net of insurance claims)	(1,886)	-	NM
Business interruption insurance claim relating to flood in Thailand	12,137	-	NM
Gain on corporate and debt restructuring of subsidiary companies	4,468	102,876	(95.7)
Write back of impairment in value of investments	1,004	7,897	(87.3)
Provision for restructuring and re-organisation costs of operation	(24,150)	(2,988)	NM
Others	(7,636)	13,343	NM
Profit on disposal of properties	-	3,987	NM
Gain on dilution of interest in an associated company	-	1,006	NM
	<hr/>	<hr/>	
	60,770	136,341	
	<hr/>	<hr/>	
PBIT as a percentage of revenue	15.0%	18.3%	

NM - Not meaningful

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



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1(a)(iii) STATEMENT OF COMPREHENSIVE INCOME

	Group	
	30/9/2012 \$'000	30/9/2011 \$'000 (Restated)
Profit for the year	1,010,415	1,131,724
Other comprehensive income:		
Share of other comprehensive income of associated companies	(59)	1,347
Realisation of reserves on disposal of subsidiary and associated companies	46,916	(5,751)
Net fair value changes on derivative financial instruments	4,519	(7,461)
Realisation of hedging loss from derivative financial instruments	6,186	-
Net fair value changes on available-for-sale financial assets	123,399	63,783
Currency translation differences	(104,077)	12,679
Other comprehensive income for the year, net of tax	76,884	64,597
Total comprehensive income for the year	<u>1,087,299</u>	<u>1,196,321</u>
Total comprehensive income attributable to:		
Shareholders of the Company	938,420	971,898
Non-controlling interests	148,879	224,423
	<u>1,087,299</u>	<u>1,196,321</u>

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



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1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEET

	Group			Company	
	As at 30/9/2012 \$'000	As at 30/9/2011 \$'000 (Restated)*	As at 30/9/2010 \$'000 (Restated)*	As at 30/9/2012 \$'000	As at 30/9/2011 \$'000
SHARE CAPITAL AND RESERVES					
Share capital	1,499,329	1,417,404	1,374,502	1,499,329	1,417,404
Treasury shares	(23)	-	-	(23)	-
Reserves	6,092,150	5,425,965	4,707,223	2,840,319	2,755,660
	7,591,456	6,843,369	6,081,725	4,339,625	4,173,064
NON-CONTROLLING INTERESTS	663,048	831,204	803,055	-	-
	8,254,504	7,674,573	6,884,780	4,339,625	4,173,064
Represented by:					
NON-CURRENT ASSETS					
Fixed assets	747,447	1,188,098	1,104,216	-	-
Investment properties	2,837,787	2,476,740	2,139,026	-	-
Subsidiary companies	-	-	-	3,829,665	3,676,408
Joint venture companies	-	60,101	89,839	-	434,421
Associated companies	1,495,514	1,382,200	1,355,249	82,383	82,383
Intangible assets	163,475	569,609	576,219	-	-
Brands	30,337	73,519	74,275	212	-
Other investments	374,978	404,583	323,531	8,877	8,672
Other receivables	83,970	65,212	61,556	-	-
Other assets	42,400	41,000	41,000	-	-
Deferred tax assets	38,700	14,649	25,251	-	-
	5,814,608	6,275,711	5,790,162	3,921,137	4,201,884
CURRENT ASSETS					
Properties held for sale	4,441,491	4,254,487	4,488,047	-	-
Inventories	265,936	373,497	391,916	-	-
Trade receivables	551,668	961,457	1,021,283	-	-
Other receivables	132,439	317,142	252,327	24	316
Subsidiary companies	-	-	-	16,552	50,898
Joint venture companies	1,662	6,117	6,540	-	-
Associated companies	13,122	13,181	10,798	-	-
Short term investments	60,448	3,604	3,429	-	-
Bank fixed deposits	604,112	1,180,935	1,274,626	64,489	98,566
Cash and bank balances	1,044,833	418,672	424,290	91,793	1,002
	7,115,711	7,529,092	7,873,256	172,858	150,782
Assets held for sale	1,720,659	119,542	38,262	434,421	-
	8,836,370	7,648,634	7,911,518	607,279	150,782
Deduct: CURRENT LIABILITIES					
Trade payables	529,751	673,442	724,740	-	-
Other payables	905,456	1,012,643	1,013,210	8,338	5,125
Subsidiary companies	-	-	-	17,823	5,164
Joint venture companies	3	14,263	6,350	-	-
Associated companies	1,787	3,043	954	-	-
Borrowings	936,296	747,546	1,908,709	-	-
Provision for taxation	176,739	310,240	295,603	12,244	18,961
	2,550,032	2,761,177	3,949,566	38,405	29,250
Liabilities held for sale	690,111	38,292	2,297	-	-
	3,240,143	2,799,469	3,951,863	38,405	29,250
NET CURRENT ASSETS	5,596,227	4,849,165	3,959,655	568,874	121,532
Deduct: NON-CURRENT LIABILITIES					
Other payables	38,630	39,251	15,577	-	-
Borrowings	2,971,647	3,215,900	2,666,032	150,000	150,000
Provision for employee benefits	17,346	20,405	25,044	-	-
Deferred tax liabilities	128,708	174,747	158,384	386	352
	3,156,331	3,450,303	2,865,037	150,386	150,352
	8,254,504	7,674,573	6,884,780	4,339,625	4,173,064

* Restated upon adoption of INT FRS 115 as detailed in paragraph 5, page 12 of this report.

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



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- 1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**
The Group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

	As at 30/9/2012	As at 30/9/2011
	\$'000	\$'000
Secured :	143,188	171,528
Unsecured :	793,108	576,018
	936,296	747,546
	936,296	747,546

Amount repayable after one year

	As at 30/9/2012	As at 30/9/2011
	\$'000	\$'000
Secured :	1,163,942	770,365
Unsecured :	1,807,705	2,445,535
	2,971,647	3,215,900
	2,971,647	3,215,900

Details of any collateral

Secured borrowings are generally bank overdrafts and bank loans secured on the land and buildings, plant and machinery of the borrowing companies, pledge of shares held in a subsidiary and/or a first fixed and floating charge over the assets, and assignment of all rights, benefits and title in contracts of the respective borrowing companies.

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



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- 1(c) **A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

GROUP CASH FLOW STATEMENT

	30/9/2012 \$'000	30/9/2011 \$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items from continuing operations	798,491	926,087
Profit before taxation and exceptional items from discontinued operations	411,423	337,189
Profit before taxation and exceptional items	1,209,914	1,263,276
Adjustments for:		
Depreciation of fixed assets	130,439	119,615
Impairment of fixed assets and intangible assets	15,513	4,921
Impairment reversal of fixed assets and intangible assets	(1,569)	(2,213)
Fixed assets and intangible assets written off	56	983
Provision for employee benefits	4,568	2,237
Write back of provision for employee benefits	(348)	(2,907)
Allowance for foreseeable losses on properties held for sale (net)	34,751	12,034
Loss on disposal of fixed assets	2,462	3,100
Amortisation of brands and intangible assets	17,655	21,223
Amortisation of deferred income	-	(8,005)
Interest income	(21,875)	(17,623)
Interest expenses	82,814	52,922
Share of joint venture companies' profits	(16,245)	(17,342)
Share of associated companies' profits	(60,838)	(51,937)
Investment income	(18,076)	(11,549)
Profit on properties held for sale	(281,936)	(488,407)
Employee share-based expense	21,140	41,696
Fair value adjustment of financial instruments	8,505	(2,471)
Fair value adjustment of investment properties	(341,585)	(140,057)
Loss on disposal of financial instruments	18,664	16,647
Operating cash before working capital changes	804,009	796,143
Change in inventories	(36,531)	7,362
Change in receivables	175,448	(220,877)
Change in joint venture and associated companies' balances	(11,002)	8,664
Change in payables	20,024	30,454
Progress payment received/receivable on properties held for sale	1,467,107	2,460,962
Development expenditure on properties held for sale	(1,376,111)	(1,600,099)
Currency realignment	(1,564)	(3,925)
Cash generated from operations	1,041,380	1,478,684
Interest income received	16,989	17,623
Interest expenses paid	(79,107)	(54,795)
Income taxes paid	(310,460)	(267,182)
Payment of employee benefits	(2,884)	(3,313)
Payment of cash-settled options	(7,018)	(25,690)
Net cash from operating activities	658,900	1,145,327
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from joint venture and associated companies	89,949	71,773
Investment income	18,076	11,549
Proceeds from sale of fixed assets and assets held for sale	3,487	15,660
Proceeds from disposal of associated companies	37,603	97,957
Proceeds from sale of other and short term investments	703	294
Proceeds from disposal of intangible assets	1,688	-
Proceeds from disposal of subsidiary companies	55,946	28,748
Proceeds from sale of investment properties	-	54,654
Purchase of fixed assets and investment properties	(265,825)	(348,773)
Purchase of other investments	-	(17,401)
Acquisition of non-controlling interests in subsidiary companies	(4,054)	(7,584)
Payment for intangible assets and brands	(18,512)	(15,799)
Development expenditure on investment properties under construction	(53,232)	(228,813)
Investments in associated and joint venture companies	(22,234)	(37,412)
Acquisition of subsidiary and joint venture companies	(146,794)	(27,086)
Repayment of loan from an associate company	9,607	-
Additional trade advances	1,643	663
Net cash used in investing activities	(291,949)	(401,570)

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



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1(c) GROUP CASH FLOW STATEMENT (cont'd)

	30/9/2012 \$'000	30/9/2011 \$'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) term loans and bank borrowings	323,522	(709,944)
Proceeds from issue of bonds	-	300,000
Purchase of treasury shares	(8,093)	-
Proceeds from issue of shares:		
- by subsidiary companies to non-controlling interests	21,482	20,682
- by the Company to shareholders	65,236	35,072
Payment of dividends:		
- by subsidiary companies to non-controlling interests	(163,018)	(206,826)
- by the Company to shareholders	(255,527)	(253,381)
Net cash used in financing activities	(16,398)	(814,397)
Net increase/(decrease) in cash and cash equivalents	350,553	(70,640)
Cash and cash equivalents at beginning of year	1,597,635	1,695,123
Reclassified to assets held for sale	(279,312)	(1,383)
Effects of exchange rate changes on cash and cash equivalents	(21,399)	(25,465)
Cash and cash equivalents at end of year	1,647,477	1,597,635
Cash and cash equivalents at end of year comprise:		
Cash and bank deposits	1,648,945	1,599,607
Bank overdrafts	(1,468)	(1,972)
	1,647,477	1,597,635
Analysis of acquisition and disposal of subsidiary and joint venture companies		
Net assets acquired:		
Fixed assets	12,616	12,135
Investment properties	266,688	-
Other non-current assets	213	4,211
Current assets	14,155	16,498
Bank borrowings	(82,692)	(103)
Current liabilities	(23,965)	(9,249)
Non-current liabilities	-	(2,315)
Non-controlling interests	(471)	(831)
Cash	12,340	7,036
	198,884	27,382
Investment in associated company previously accounted for	(43,878)	-
Goodwill on acquisition (net)	18,306	6,740
Consideration	173,312	34,122
Contribution of capital by non-controlling interests	(14,178)	-
Cash and cash equivalents of subsidiary and joint venture companies	(12,340)	(7,036)
Cash outflow on acquisition net of cash and cash equivalents acquired	146,794	27,086
Net assets disposed:		
Fixed assets	(278)	(228)
Investment properties	(235,402)	-
Properties held for sale	(303,213)	-
Other non-current assets	(1,421)	(2,079)
Current assets	(3,028)	(169,693)
Non-current liabilities	222,621	1,510
Current liabilities	77,215	62,591
Non-controlling interests	191,455	7,933
Cash	(205,675)	(4,002)
	(257,726)	(103,968)
Realisation of translation difference	(34,632)	5,498
Provision for cost of disposal	(100)	-
Fair value of retained interest reclassified to investment in associated company	69,316	-
Consideration satisfied by other receivables	-	84,352
Gain on disposal	(38,479)	(18,632)
Consideration received	(261,621)	(32,750)
Less: Cash of subsidiary companies disposed off	205,675	4,002
Cash inflow on disposal net of cash and cash equivalents disposed	(55,946)	(28,748)

APPENDIX III – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR FY2012



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- 1(d)(i) A statement (for the issuer and Group) showing either
 (i) all changes in equity or
 (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

	Group											
	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Hedging Reserve	Share-based Payment Reserve	Dividend Reserve	Total	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 September 2012												
Balance at 1 October 2011	1,417,404	-	267,906	4,965,458	(158,936)	202,303	(23,273)	41,966	169,382	6,882,210	838,837	7,721,047
Effects of adopting INT FRS 115	-	-	-	(39,517)	676	-	-	-	-	(38,841)	(7,633)	(46,474)
Balance at 1 October 2011, restated	1,417,404	-	267,906	4,925,941	(158,260)	202,303	(23,273)	41,966	169,382	6,843,369	831,204	7,674,573
Comprehensive income												
Share of other comprehensive income of associated companies	-	-	(515)	(293)	708	450	(397)	(12)	-	(59)	-	(59)
Realisation of reserve on disposal of subsidiary and associated companies	-	-	(2,024)	1,506	49,073	-	(382)	(1,257)	-	46,916	-	46,916
Net fair value changes on derivative financial instruments	-	-	-	-	-	-	4,597	-	-	4,597	(78)	4,519
Realisation of hedging loss from derivative financial instruments	-	-	-	-	-	-	5,798	-	-	5,798	388	6,186
Net fair value changes on available-for-sale financial assets	-	-	-	-	-	123,399	-	-	-	123,399	-	123,399
Currency translation difference	-	-	-	-	(77,788)	-	-	-	-	(77,788)	(26,289)	(104,077)
Other comprehensive income for the period	-	-	(2,539)	1,213	(28,007)	123,849	9,616	(1,269)	-	102,863	(25,979)	76,884
Profit for the year	-	-	-	835,557	-	-	-	-	-	835,557	174,858	1,010,415
Total comprehensive income for the year	-	-	(2,539)	836,770	(28,007)	123,849	9,616	(1,269)	-	938,420	148,879	1,087,299
Contribution by and distributions to owners												
Employee share-based expense	-	-	-	-	-	-	-	12,399	-	12,399	1,109	13,508
Issue of shares in the Company upon exercise of share options and vesting of shares awarded	81,925	-	-	-	-	-	-	(16,689)	-	65,236	-	65,236
Purchase of treasury shares	-	(8,093)	-	-	-	-	-	-	-	(8,093)	-	(8,093)
Treasury shares reissued pursuant to share plans	-	8,070	(2,814)	-	-	-	-	(5,256)	-	-	-	-
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	-	35,660	35,660
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirement	-	-	2,242	(2,242)	-	-	-	-	-	-	-	-
Dividends:												
Dividend paid	-	-	-	(86,145)	-	-	-	-	(169,382)	(255,527)	(163,018)	(418,545)
Dividend proposed	-	-	-	(171,404)	-	-	-	-	171,404	-	-	-
Total contributions by and distributions to owners	81,925	(23)	(572)	(259,791)	-	-	-	(9,546)	2,022	(185,985)	(126,249)	(312,234)
Changes in ownership interests												
Change of interests in subsidiary and joint venture companies	-	-	-	(3,054)	(1,294)	-	-	-	-	(4,348)	669	(3,679)
Disposal of subsidiary companies	-	-	-	-	-	-	-	-	-	-	(191,455)	(191,455)
Total changes in ownership interests	-	-	-	(3,054)	(1,294)	-	-	-	-	(4,348)	(190,786)	(195,134)
Total transactions with owners in their capacity as owners	81,925	(23)	(572)	(262,845)	(1,294)	-	-	(9,546)	2,022	(190,333)	(317,035)	(507,368)
Balance at 30 September 2012	1,499,329	(23)	264,795	5,499,866	(187,561)	326,152	(13,657)	31,151	171,404	7,591,456	663,048	8,254,504

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1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Group										
	Share Capital	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Hedging Reserve	Share-based Payment Reserve	Dividend Reserve	Total	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 September 2011											
Balance at 1 October 2010	1,374,502	269,709	4,341,213	(171,716)	138,609	(16,169)	38,414	168,236	6,142,798	805,661	6,948,459
Effects of adopting INT FRS 115	-	-	(61,915)	842	-	-	-	-	(61,073)	(2,606)	(63,679)
Balance at 1 October 2010, restated	1,374,502	269,709	4,279,298	(170,874)	138,609	(16,169)	38,414	168,236	6,081,725	803,055	6,884,780
Comprehensive income											
Share of other comprehensive income of associated companies	-	(643)	(365)	2,557	(89)	(124)	11	-	1,347	-	1,347
Realisation of reserves on disposal of subsidiary and associated companies	-	(1,696)	552	(5,125)	-	-	-	-	(6,269)	518	(5,751)
Net fair value changes on derivative financial instruments	-	-	-	-	-	(6,780)	-	-	(6,780)	(681)	(7,461)
Net fair value changes on available-for-sale financial assets	-	-	-	-	63,783	-	-	-	63,783	-	63,783
Currency translation difference	-	-	-	21,987	-	-	-	-	21,987	(9,308)	12,679
Other comprehensive income for the year	-	(2,339)	187	19,419	63,694	(6,904)	11	-	74,068	(9,471)	64,597
Profit for the year	-	-	897,830	-	-	-	-	-	897,830	233,894	1,131,724
Total comprehensive income for the year	-	(2,339)	898,017	19,419	63,694	(6,904)	11	-	971,898	224,423	1,196,321
Contributions by and distributions to owners											
Employee share-based expense	-	-	-	-	-	-	12,573	-	12,573	348	12,921
Expiry of share options	-	-	1,202	-	-	-	(1,202)	-	-	-	-
Issue of shares in the Company upon exercise of share options	42,902	-	-	-	-	-	(7,830)	-	35,072	-	35,072
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	20,682	20,682
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirements	-	65	(65)	-	-	-	-	-	-	-	-
Dividends											
Dividend paid	-	-	(85,145)	-	-	-	-	(168,236)	(253,381)	(206,826)	(460,207)
Dividend proposed	-	-	(169,382)	-	-	-	-	169,382	-	-	-
Total contributions by and distributions to owners	42,902	65	(253,390)	-	-	-	3,541	1,146	(205,736)	(185,796)	(391,532)
Change in ownership interests											
Change of interest in subsidiary and joint venture companies	-	21	2,577	(6,916)	-	(200)	-	-	(4,518)	(2,238)	(6,756)
Dilution of interest in an associated company	-	450	(561)	111	-	-	-	-	-	-	-
Disposal of subsidiary companies	-	-	-	-	-	-	-	-	-	(8,240)	(8,240)
Total changes in ownership interests	-	471	2,016	(6,805)	-	(200)	-	-	(4,518)	(10,478)	(14,996)
Total transactions with owners in their capacity as owners	42,902	536	(251,374)	(6,805)	-	(200)	3,541	1,146	(210,254)	(196,274)	(406,528)
Balance at 30 September 2011	1,417,404	267,906	4,925,941	(158,260)	202,303	(23,273)	41,966	169,382	6,843,369	831,204	7,674,573

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1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Company							
	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Fair Value Adjustment Reserve	Share- Based Payment Reserve \$'000	Dividend Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 September 2012								
Balance at 1 October 2011	1,417,404	-	1,039,274	1,506,196	1,717	39,091	169,382	4,173,064
Comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	-	169	-	-	169
Other comprehensive income for the year	-	-	-	-	169	-	-	169
Profit for the year	-	-	-	352,957	-	-	-	352,957
Total comprehensive income for the year	-	-	-	352,957	169	-	-	353,126
Contributions by and distributions to owners								
Employee share-based expense	-	-	-	-	-	11,819	-	11,819
Issue of shares in the Company upon exercise of share options and vesting shares awarded	81,925	-	-	-	-	(16,689)	-	65,236
Purchase of treasury shares	-	(8,093)	-	-	-	-	-	(8,093)
Treasury shares reissued pursuant to share plans	-	8,070	(2,814)	-	-	(5,256)	-	-
Dividends								
Dividends paid	-	-	-	(86,145)	-	-	(169,382)	(255,527)
Dividends proposed	-	-	-	(171,404)	-	-	171,404	-
Total contributions by and distributions to owners	81,925	(23)	(2,814)	(257,549)	-	(10,126)	2,022	(186,565)
Total transactions with owners in their capacity as owners	81,925	(23)	(2,814)	(257,549)	-	(10,126)	2,022	(186,565)
Balance at 30 September 2012	1,499,329	(23)	1,036,460	1,601,604	1,886	28,965	171,404	4,339,625
Year ended 30 September 2011								
Balance at 1 October 2010	1,374,502	-	1,039,274	1,331,928	2,034	34,803	168,236	3,950,777
Comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	-	(317)	-	-	(317)
Other comprehensive income for the year	-	-	-	-	(317)	-	-	(317)
Profit for the year	-	-	-	428,795	-	-	-	428,795
Total comprehensive income for the year	-	-	-	428,795	(317)	-	-	428,478
Contributions by and distributions to owners								
Employee share-based expense	-	-	-	-	-	12,118	-	12,118
Issue of shares in the Company upon exercise of share options	42,902	-	-	-	-	(7,830)	-	35,072
Dividends								
Dividends paid	-	-	-	(85,145)	-	-	(168,236)	(253,381)
Dividends proposed	-	-	-	(169,382)	-	-	169,382	-
Total contributions by and distributions to owners	42,902	-	-	(254,527)	-	4,288	1,146	(206,191)
Total transactions with owners in their capacity as owners	42,902	-	-	(254,527)	-	4,288	1,146	(206,191)
Balance at 30 September 2011	1,417,404	-	1,039,274	1,506,196	1,717	39,091	169,382	4,173,064

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1(d)(ii) SHARE CAPITAL

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	<u>Number of Shares</u>	
	<u>4th Quarter to 30/9/2012</u>	<u>3rd Quarter to 30/6/2012</u>
Issued and fully paid ordinary shares:		
As at beginning of period	1,422,198,123	1,420,501,465
Issued during the period - pursuant to the exercise of share options	6,169,665	1,696,658
As at end of period	<u>1,428,367,788</u>	<u>1,422,198,123</u>
	<u>As at 30/9/2012</u>	<u>As at 30/9/2011</u>
The number of shares that may be issued on exercise of share options outstanding at the end of the period	<u>11,055,498</u>	<u>27,673,171</u>
The number of shares awarded conditionally under Share Plans as at the end of the period	<u>6,047,222</u>	<u>7,882,550</u>
The number of issued shares excluding treasury shares at the end of the period	<u>1,428,363,688</u>	<u>1,411,514,577</u>

The Company held 4,100 treasury shares as at 30 September 2012 (30 September 2011: NIL).

1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company's total number of issued shares excluding treasury shares is 1,428,363,688 as at 30 September 2012 and 1,411,514,577 as at 30 September 2011.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	<u>Number of Shares</u>	
	<u>4th Quarter to 30/9/2012</u>	<u>3rd Quarter to 30/6/2012</u>
As at beginning and end of period	<u>4,100</u>	<u>4,100</u>

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2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group and Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared with the audited financial statements for the year ended 30 September 2011.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

As disclosed in paragraph 4, the Group and Company have adopted revised and amendments to FRS and INT FRS which became effective from this financial year. Except for INT FRS 115, the adoption of these FRS and INT FRS do not have any significant impact on the financial statements of the Group and Company.

INT FRS 115 Agreements for the Construction of Real Estate

The Group has adopted INT FRS 115 Agreements for the Construction of Real Estate from 1 October 2011.

On 26 August 2010, the Accounting Standards Council issued INT FRS 115 with an accompanying note that explains the application of INT FRS 115 to property development sales in Singapore by considering the Singapore legal framework. INT FRS 115 supersedes RAP 11 Pre-Completion Contracts for the Sale of Development Property and becomes effective for annual periods beginning on or after 1 January 2011. When adopted INT FRS 115 is to be applied retrospectively.

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Before 1 October 2011, the Group's accounting policy for all residential property sales was to recognise revenue using the POC method as construction progresses. Upon applying INT FRS 115 retrospectively, the comparatives have been restated. The effects on the Group's financial statements are as follows:

GROUP PROFIT STATEMENT

	12 Months to 30/9/2011 \$'000
(Decrease)/Increase in:	
Revenue	92,086
Cost of sales	23,402
Marketing expenses	43,158
Taxation	8,154
Profit after taxation	17,372
Attributable profit to:	
- Shareholders of the Company	22,398
- Non-controlling interests	(5,026)

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GROUP BALANCE SHEET

	As at 30/9/2011 \$'000	As at 30/9/2010 \$'000
(Decrease)/Increase in:		
Revenue reserve	(39,517)	(61,915)
Exchange reserve	676	842
Non-controlling interests	(7,633)	(2,606)
Total equity	(46,474)	(63,679)
Properties held for sale	217,799	178,862
Other payables	274,406	260,713
Provision for taxation	(7,408)	(18,172)
Deferred taxation	(2,725)	-

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (a) based on the weighted average number of ordinary shares on issue and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	30/9/2012	30/9/2011 (Restated)
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before fair value adjustment and exceptional items	33.2	45.7
- after fair value adjustment and exceptional items	58.9	63.8
(b) On a fully diluted basis (cents)		
- before fair value adjustment and exceptional items	33.0	45.1
- after fair value adjustment and exceptional items	58.4	63.1
	\$'000	\$'000
Attributable profit	835,557	897,830
Change in attributable net profit due to dilutive share options	(232)	(465)
Adjusted attributable profit	835,325	897,365

Continuing Operations

Earnings per ordinary share from continuing operations:

(a) Based on the weighted average number of ordinary shares on issue (cents)		
- before fair value adjustment and exceptional items	22.5	36.9
- after fair value adjustment and exceptional items	50.1	52.6
(b) On a fully diluted basis (cents)		
- before fair value adjustment and exceptional items	22.4	36.4
- after fair value adjustment and exceptional items	49.7	52.0
	\$'000	\$'000
Attributable profit	711,092	740,191
Change in attributable profit due to dilutive share options	(223)	(448)
Adjusted attributable profit	710,869	739,743

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7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30/9/2012	As at 30/9/2011 (Restated)	As at 30/9/2012	As at 30/9/2011
Net asset value per ordinary share based on Issued share capital	\$5.31	\$4.85	\$3.04	\$2.96

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF PERFORMANCE

The principal activities of the Group are:-

- (i) production and sale of beverages (includes soft drinks, beer and stout) and dairy products;
- (ii) development of and investment in property; and
- (iii) printing and publishing.

These activities are carried out through the Company's subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

On 18 August 2012, the Company entered into conditional sale and purchase agreements with Heineken International B.V. in connection with the proposed sale of the Company's interests in Asia Pacific Breweries Limited ("APBL") and Asia Pacific Investment Pte Ltd ("APIPL") (together, the "APIPL Group") for a total consideration of \$5.6 billion (the "Transaction"). On 28 September 2012, at the Extraordinary General Meeting of the Company, the members approved the Transaction. The Transaction was completed on 15 November 2012.

In accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations, the results of the APIPL Group has been presented separately on the Group Profit Statement as Discontinued Operations for the financial years ended September 2011 and September 2012. Accordingly, the Group's Breweries Segment will be discontinued and the remaining undisposed Breweries components will be grouped together with Soft Drinks segment to form the Beverages segment. On the Group Balance Sheet, the financial position of APIPL Group as at 30 September 2012 was aggregated and presented as Assets Held for Sale and Liabilities Held for Sale.

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Profit Statement – Financial Year Ended 30 September 2012

Group revenue decreased 22% to \$3.6 billion for the year ended 30 September 2012. Beverages segment recorded lower revenue due to cessation of the transition agreement with The Coca-Cola Company ("Coca-Cola") from 1 October 2011. Dairies recorded lower revenue due to the massive flood in Thailand which caused the dairy plant to temporarily cease production during the 1st half of the year. Commercial Property revenue increased 6% as both existing and newly acquired serviced residences contributed positively. Development Property revenue declined 45% mainly due to the effects of completed projects in Singapore and also lower sales recognition in overseas development projects. Printing and Publishing revenue was marginally lower. Consequently, Group PBIT (profit before interest and tax) of \$541 million was 36% lower than last year, mainly due to lower contribution from Beverages, Dairies and Development Property segments.

Fair value gain of \$342 million was recorded on the investment properties held by the Group's subsidiaries and associated companies.

Group attributable profit on continuing operations* was 38% lower at \$320 million and basic earnings per share on continuing operations* was 39% lower at 22.5 cents.

The Profit Statement of the corresponding period last year was restated as the Group adopted INT FRS 115 from 1 October 2011. The effects of the restatement are set out in paragraph 5, page 12 of this report.

*before fair value adjustment of investment properties and exceptional items

Beverages

Following the classification of APIPL Group results as Discontinued Operations, the remaining Breweries components were grouped together with the Soft Drinks segment to form the Beverages segment. Last year's segment was revised to be comparable.

Overall, Beverages revenue was 6% lower than last year. Soft Drinks revenue and volume were down 17% and 13% respectively over last year. Excluding Coca-Cola's contribution last year, revenue and volume would have grown 17% and 19% respectively. Higher sales were recorded across all product categories including *Seasons* and *Red Bull* which grew 25% in sales volume. Breweries recorded strong double digit revenue growth on the back of volume growth and favourable translation rates against the Singapore dollar. Overall, PBIT was lower by 37% mainly due to the absence of Coca-Cola's contribution and cost incurred on rationalisation exercise to improve productivity, cushioned by the higher contribution from Breweries.

Dairies

Dairies revenue was 9% lower than last year. Dairies Thailand performance was affected by the temporary factory closure caused by the flood. When the factory resumed production in the 2nd half of the year, Dairies Thailand delivered double digit revenue growth on well executed marketing activities. In Malaysia, export sales was higher while domestic sales was affected by aggressive competitors' trade offers and discounts. In Singapore, higher export sales was offset by lower domestic sales. F&N Creameries revenue was higher on increased sales in Malaysia. Overall, Dairies recorded 31% lower PBIT due to the operating losses suffered in flood-hit Thailand in the 1st half of the year. Excluding Dairies Thailand, PBIT would have been 67% higher than last year.

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Breweries - Discontinued Operations

Revenue and PBIT grew 13% and 23% respectively over last year. In the South & South East Asia region, volume growth was led mainly by double digit gains in Indonesia, Export Markets and Sri Lanka. PBIT for this region grew on the volume growth in Indonesia as well as improved margins from price increases and strong export performance. In Indochina & Thailand, volume increase was led by strong double digit growth in Vietnam. PBIT for this region was higher underpinned by higher volume, better margins from price increases in Vietnam and favourable sales mix in Cambodia.

The operations in China reported improved gross margins following the restructuring of investments to focus on premium brands. At PBIT level, the North Asia region showed a loss mainly due to low capacity utilisation at the Shanghai brewery. The results were also negatively impacted by currency realignment of US dollar loans. In the Oceania region, volume was lower due to the challenging market conditions in New Zealand partly cushioned by full year contribution from the newly acquired brewery in Solomon Islands. PBIT for this region rose due to improved margins in Papua New Guinea, favourable currency translation from the appreciation in Kina and contribution from Solomon Breweries.

Printing and Publishing

Publishing and Printing revenue at \$382 million was down 4% from last year due to the divestment of the school bookstore business and rationalisation of underperforming businesses. Excluding the above effects, revenue would have recorded \$2.4 million growth driven by strong overseas markets led by Education Publishing and increased contribution of lifestyle products which mitigated the poor print demand from Western markets.

PBIT declined by 85% to \$4 million due to rationalisation charges, weak performance from print and higher overheads incurred from strategic investments made in recruiting talents for the future expansion of the Education Publishing business. Lower contribution from associated companies also affected PBIT.

On a positive note, Education Publishing overseas business continues to register high double digit growth to support underlying business.

Commercial Property

Overall revenue and PBIT was 6% and 5% higher than last year at \$276 million and \$170 million, respectively.

Investment property revenue and PBIT were flat compared to last year. The higher rental income from Singapore and China investment properties helped to cushion the loss of rental income following the disposal of Bridgepoint mall in Australia in August 2011. Occupancy rates among the retail malls remain high in Singapore at an average occupancy rate of 98%. Industrial and Office properties in Singapore achieved occupancy of 98% except for Valley Point Office Tower where the average occupancy fell to 78% due to the exit of a major tenant. The office building in Vietnam achieved 100% occupancy. In China, both industrial and office properties, which were held through Frasers Property (China) Limited ("FPCL"), achieved 100% occupancy. The Group divested its investment in FPCL on 28 September 2012. Excluding the contribution from Bridgepoint, investment properties' revenue and PBIT were 3% higher on higher rental income.

Hospitality revenue was 13% higher. The increase was mainly due to room revenue contributed by properties opened in the last financial year and from the newly acquired Fraser Place Queens Gate in the United Kingdom (opened in December 2011). There were also higher rentals and occupancy rates achieved from China operations and Fraser Place, Manila in Philippines and improvement in fee based income. These were partially offset by lower revenue from Fraser Suites, Singapore due to closure of rooms for retrofitting works. PBIT was 5% lower due to start-up expenses incurred at Fraser Suites Perth, Australia which opened in October 2012 and lower contribution from Fraser Suites, Singapore.

Frasers Centrepoint Trust and Frasers Commercial Trust, both reported higher net profit and distributable income. The Group's share of profits from these REITs was \$56 million, 26% higher than last year.

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Development Property

The Group has adopted INT FRS 115 Agreements for Construction of Real Estate from 1 October 2011 and continues to apply the Percentage of Completion recognition method for private residential development projects in Singapore. Revenue for Executive Condominium development projects and private residential units sold on deferred payment scheme in Singapore and overseas development projects will be recognised on the Completion of Construction method. The results of Development Property segment of the corresponding period last year was restated in compliance with INT FRS 115.

Revenue from Development Property declined 45% to \$1.1 billion. This was mainly due to the effects of projects completed in Singapore and overseas last year, lower sales recognition from overseas development projects completed and the recognition of revenue in the previous year from the sale of the rights to develop the Central Park Sydney to the joint venture ("Central Park JV") established between Frasers Property Australia and Sekisui House. Coupled with higher marketing expense on new launches in Singapore, Australia and the United Kingdom, and provisions for foreseeable losses on projects in Australia, PBIT declined 55% to \$195 million.

In Singapore revenue and PBIT declined 35% and 25% respectively. The progressive revenue recognition of projects namely, Flamingo Valley, Waterfront Key, Isles and Gold, Residences Botanique, The Caspian, 8@Woodleigh, Eight Courtyards, Seastrand and Boathouse Residences, were offset by the effects of completed projects namely, Soleil@Sinaran, Martin Place Residences, Waterfront Waves and Woodsville 28. Despite the 25% decline in PBIT, profit margin improved due to significant contributions from higher margin projects, the write back of a provision for foreseeable losses on a project and was partially offset by higher marketing expenses incurred for new launches. During the year, a total of 2,647 units were sold. The eCO was launched in September 2012 and achieved sale of 3 units based on signed sales and purchase agreement ("S&P"), with 400 options issued pending signing of S&P. Other sales include 323 units at Palm Isle which was launched for sale in March 2012, 702 units at Twin Waterfall (Executive Condominium) and 953 units at Watertown launched in February and January 2012 respectively, 161 units at Flamingo Valley and another 505 units of previously launched projects.

Overseas revenue declined 64% mainly due to the effects of completed projects in China, Thailand and Malaysia, lower sales recognition from overseas development projects and the recognition of revenue in the previous year from the sale of the rights to the Central Park JV. In Australia, 36 units were sold during the year on completed projects at Lorne, City Quarter and Lumiere, including 4 completed units at Mandurah. For projects under construction, strong pre-sales were registered with a total of 550 units sold across Australia. The Central Park, Sydney project saw a new tower, The Mark, launched in May 2012 achieving sales of 132 units, while Putney Hill, Sydney soft launched in Nov 2012 achieved sales of 134 units and 284 units were sold from previously launched One Central Park, Park Lane and Queens Riverside. In New Zealand, 6 units were sold at Coast@Papamoa. In the UK, 21 units were sold at Wandsworth Phase 3. In China, Suzhou Baitang Phase 2A was launched in April 2012 achieving sales of 100 units. Overseas posted losses in this year mainly due to higher marketing expenses incurred, provision for foreseeable losses in a Australia project and the non-recurring gain arising from the sale of the rights to the Central Park JV.

Others

The gains for the quarter were mainly due to higher investment income and higher management fee income offset by higher corporate overheads.

Exceptional Items

The main exceptional items were gains of \$56.1 million on disposal of investment in China Dairy Group and Frasers Property (China) Limited, \$12.1 million business interruption claim relating to the flood in Thailand, \$20.0 million share of gain on FCOT divestment of KeyPoint and offset by restructuring and re-organisation costs of \$24.2 million.

Tax

The Group effective tax rate of 11.7% (2011:18.6%) is mainly due to the revaluation surpluses of freehold investment properties in Singapore where a corresponding provision for deferred tax is not required, the investment tax allowances enjoyed by an overseas subsidiary and the write-back of prior years' tax provision. These factors together with a decrease in the tax effects of higher tax countries resulted in a Group effective tax rate which is significantly lower than that of the last financial year.

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Balance Sheet as at 30 September 2012

The Group

The financial position of APIPL Group as at 30 September 2012 was aggregated and presented as Assets Held for Sale and Liabilities Held for Sale.

The increase in Reserves was mainly due to retained earnings and fair value gains on investment in Vinamilk in Vietnam. This was partly offset by currency translation losses and dividend payment during the year.

The increase in investment properties was mainly due to fair value gains on investment properties, the acquisition of Fraser Place Queensgate and the acquisition of the 68% interest not owned by the Group in Fairbrair Residential Investment Partnership ("FRIP") resulting in the Group owning 100% of FRIP. FRIP owns Fraser Suites Kensington. This was offset by divestment of Frasers Property (China) Limited which owned investment properties in China. The increase in Other Investments was mainly due to the fair value gains on investments.

The purchase of land in Singapore and additional development expenditure incurred resulted in an increase in Properties Held for Sale, which was partly offset by progress billings and sale of completed units. Decrease in Trade Receivables and Other Receivables was mainly due to collection of receivables from the sale of development properties in Singapore.

The increase in Borrowings was mainly due to loans taken for the acquisition of land in Singapore and development expenditure incurred.

Group Cash Flow Statement – Financial Year Ended 30 September 2012

The cash inflows and outflows are detailed in the Group Cash Flow Statement. Net cash inflow from operating activities of \$658.9 million as compared to \$1,145.3 million last year was mainly due to higher progress payment on properties held for sale received last year and partially offset by higher contribution from working capital this year.

Net cash outflow incurred on investing activities of \$291.9 million was lower than \$401.6 million last year. This was mainly due to lower capital expenditure incurred on fixed assets and investment properties, and lower development expenditure on investment properties under construction.

Net cash outflow from financing activities of \$16.4 million was lower than \$814.4 million last year. This was mainly due to net repayment of \$709.9 million of bank loans last year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With the divestment of APIPL Group on 15 November 2012, the Food & Beverage segment will comprise the new Beverages Segment and Dairies Segment. The Food & Beverage segment have seen key raw material and energy cost on a descending trend over the past months and had taken advantage by locking in key raw materials prices over the mid-term. It will continue to monitor closely and take steps to mitigate any effects of rising costs. Dairies Malaysia, full production is now taking place in the new Pulau Indah plant and Petaling Jaya plant was shut down on 22 September after 52 years of production.

Despite the uncertain economic outlook, the Singapore property market saw a record of 21,100 units sold in the 1st 9 months of 2012 including Executive Condominium. On a quarter-to-quarter basis, sales volume has increased 8% from 5,572 to 5,999 units in 3rd quarter 2012. Prices of private residential properties increased by 0.6% in the September quarter, compared to the 0.4% increase in the previous quarter. The Group's 4 launches this year of Watertown, Twin Waterfalls, Palm Isles, and eCO were very well received, achieving sales of 1,981 units with S&P signed. In Australia, marketing efforts will continue as strong and encouraging pre-sales were registered for One Central Park & Park Lane, and the recently launched The Mark, Putney Hill at Ryde and QIII at Queens Riverside. Recognition of income from pre-sold units in Singapore will continue to support Group earnings in the next 12 months.

While the strength of Singapore Dollar will alleviate some pressure on import costs, it will also impact on the financial performance of the Group as a high proportion of earnings are derived from outside Singapore.

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11. If a decision regarding dividend has been made:-

(a) Whether a final ordinary dividend has been recommended: Yes

(b) (i) Amount per share : 12.0 cents

(ii) Previous corresponding period : 12.0 cents

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Tax-exempt (one-tier).

(d) The date the dividend is payable.

The Directors propose, subject to shareholders' approval at the Annual General Meeting to be held on 29 January 2013, a final dividend of 12.0 cents (last year: 12.0 cents) per share, to be paid on 21 February 2013. Taken with the interim dividend of 6.0 cents per share already paid, this will give a total distribution for the year of 18.0 cents per share (last year: 18.0 cents).

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 pm on 5 February 2013 will be registered before entitlements to the dividend are determined.

Notice is hereby given that the share registers will be closed on 6 February 2013 to 7 February 2013 for the preparation of dividend warrants.

12. If no dividend has been declared (recommended), a statement to the effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENTAL RESULTS

For year ended 30 September 2012

	Beverages \$'000	Dairies \$'000	Breweries (Discontinued) Operations \$'000	Printing & Publishing \$'000	Commercial Property \$'000	Development Property \$'000	Others \$'000	Adjustment & Elimination \$'000	Per Consolidated Financial Statements \$'000
Operating Segment									
Revenue - external	834,741	969,018	1,973,909	382,314	276,410	1,069,064	64,550	(1,973,909)	3,596,097
Revenue - inter segment	13,883	-	-	300	4,763	-	247,943	(266,889)	-
Total revenue	848,624	969,018	1,973,909	382,614	281,173	1,069,064	312,493	(2,240,798)	3,596,097
Subsidiary companies	98,241	25,636	394,286	4,643	112,742	193,146	45,969	(394,286)	480,377
Joint venture and associated companies	-	-	16,683	(557)	56,779	1,655	2,525	(16,683)	60,402
PBIT	98,241	25,636	410,969	4,086	169,521	194,801	48,494	(410,969)	540,779
Finance income									11,170
Finance cost									(95,043)
Profit before taxation and exceptional items									456,906
Fair value adjustment of investment properties									341,585
Exceptional items									60,770
Profit before taxation									859,261
Taxation									(100,326)
Profit from continuing operations after taxation									758,935
Profit from discontinued operations after taxation									251,480
Profit after tax									1,010,415
Non-controlling interests									(174,858)
Attributable profit									835,557
Assets	428,628	625,942	1,686,244	397,806	3,043,622	4,612,205	673,372	-	11,467,819
Investment in associated companies	-	-	-	228,702	1,113,018	124,218	29,576	-	1,495,514
Tax assets									38,700
Bank deposits and cash balances									1,648,945
Total assets									14,650,978
Liabilities	125,989	172,579	688,538	102,346	91,320	770,673	231,639	-	2,183,084
Tax liabilities									305,447
Borrowings									3,907,943
Total liabilities									6,396,474
Other segment information:									
Capital expenditure	46,072	76,232	93,658	22,047	93,896	1,726	3,938	-	337,569
Depreciation and amortisation	24,886	27,674	49,551	34,778	5,271	117	5,817	(49,551)	98,543
Impairment and foreseeable losses	275	3,481	4,732	7,025	-	34,751	-	(4,732)	45,532
Negative goodwill	-	-	-	(1,849)	(6,106)	-	-	-	(7,955)
Reversal of impairment losses	(211)	(264)	(910)	(174)	-	-	(10)	910	(659)
Attributable profit before fair value adjustment and exceptional items	39,966	29,130	152,215	(4,996)	111,389	144,355	276	(152,215)	320,120
Fair value adjustment of investment properties	-	-	-	3,897	336,306	-	-	-	340,203
Exceptional items	-	19,099	(27,750)	(25,444)	52,442	-	4,672	27,750	50,769
Attributable profit from continuing operations	39,966	48,229	124,465	(26,543)	500,137	144,355	4,948	(124,465)	711,092
Attributable profit from discontinued operations									124,465
Total Attributable profit									835,557

The following table presents financial information regarding geographical segments:

Geographical Segment	Singapore \$'000	Malaysia \$'000	Other ASEAN \$'000	North/South Asia \$'000	Oceania \$'000	Europe & USA \$'000	Discontinued Operations \$'000	Per Consolidated Financial Statements \$'000
Total revenue	1,777,209	1,031,798	1,516,692	550,719	646,621	46,967	(1,973,909)	3,596,097
PBIT	401,396	78,874	341,011	63,049	62,633	4,785	(410,969)	540,779
Non-current assets	2,494,946	406,112	612,593	311,116	50,633	404,994	-	4,280,394
Investment in associated companies	1,113,018	29,576	41,069	239,515	72,336	-	-	1,495,514
Current assets	2,894,458	321,281	978,447	827,285	1,847,989	317,965	-	7,187,425
Capital expenditure	61,900	112,809	110,756	20,150	29,508	2,446	-	337,569

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SEGMENTAL RESULTS For year ended 30 September 2011

	Beverages \$'000	Dairies \$'000	Breweries (Discontinued) Operations \$'000	Printing & Publishing \$'000	Commercial Property \$'000	Development Property \$'000	Others \$'000	Adjustment & Elimination \$'000	Per Consolidated Financial Statements \$'000
Operating Segment									
Revenue - external	883,326	1,066,832	1,744,502	397,058	261,489	1,959,024	42,508	(1,744,502)	4,610,237
Revenue - inter segment	1,602	-	-	346	4,809	-	251,122	(257,879)	-
Total revenue	884,928	1,066,832	1,744,502	397,404	266,298	1,959,024	293,630	(2,002,381)	4,610,237
Subsidiary companies	156,579	39,773	317,453	21,317	115,262	430,807	26,606	(317,453)	790,344
Joint venture and associated companies	-	(2,351)	16,804	5,870	45,707	2,488	761	(16,804)	52,475
PBIT	156,579	37,422	334,257	27,187	160,969	433,295	27,367	(334,257)	842,819
Finance income									5,512
Finance cost									(62,301)
Profit before taxation and exceptional items									786,030
Fair value adjustment of investment properties									140,057
Exceptional items									136,341
Profit before taxation									1,062,428
Taxation									(197,784)
Profit from continuing operations after taxation									864,644
Profit from discontinued operations after taxation									267,080
Profit after tax									1,131,724
Non-controlling interests									(233,894)
Attributable profit									897,830
Assets	324,009	593,320	1,352,430	452,729	2,687,299	4,835,158	622,843	-	10,867,788
Investment in associated and joint venture companies	-	19,222	60,101	232,414	1,063,734	41,010	25,820	-	1,442,301
Tax assets									14,649
Bank deposits and cash balances									1,599,607
Total assets									13,924,345
Liabilities	148,040	168,401	381,012	98,791	83,290	679,937	241,868	-	1,801,339
Tax liabilities									484,987
Borrowings									3,963,446
Total liabilities									6,249,772
Other segment information:									
Capital expenditure	59,193	92,884	94,825	19,490	321,859	2,894	2,240	-	593,385
Depreciation and amortisation	21,405	24,047	45,352	38,755	5,542	101	5,641	(45,352)	95,491
Impairment and foreseeable losses	62	100	3,452	1,307	-	12,034	-	(3,452)	13,503
Negative goodwill	-	-	-	-	(6,915)	-	-	-	(6,915)
Reversal of impairment losses	(636)	(1,207)	(370)	-	-	-	-	370	(1,843)
Attributable profit before fair value adjustment and exceptional items	69,999	13,575	124,179	20,738	112,295	305,953	(3,789)	(124,179)	518,771
Fair value adjustment of investment properties	-	-	-	2,864	110,061	-	-	-	112,925
Exceptional items	-	416	33,460	4,191	11,925	6,187	85,776	(33,460)	108,495
Attributable profit from continuing operations	69,999	13,991	157,639	27,793	234,281	312,140	81,987	(157,639)	740,191
Attributable profit from discontinued operations									157,639
Total Attributable profit									897,830

The following table presents financial information regarding geographical segments:

Geographical Segment	Singapore \$'000	Malaysia \$'000	Other ASEAN \$'000	North/South Asia \$'000	Oceania \$'000	Europe & USA \$'000	Discontinued Operations \$'000	Per Consolidated Financial Statements \$'000
Total revenue	2,191,839	1,229,408	1,436,915	539,724	909,971	46,882	(1,744,502)	4,610,237
PBIT	479,225	167,402	295,749	87,726	155,939	(8,965)	(334,257)	842,819
Non-current assets	2,270,521	384,082	1,070,221	597,953	362,904	133,080	-	4,818,761
Investment in associated and joint venture companies	1,021,035	53,164	63,616	180,588	78,350	45,548	-	1,442,301
Current assets	2,737,755	320,937	298,110	1,143,229	1,252,643	296,353	-	6,049,027
Capital expenditure	264,728	126,480	102,413	34,957	61,313	3,494	-	593,385

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15. In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by earnings by the business or geographical segments.

Refer to No. 8.

16. A breakdown of sales and profit after taxation (before deduction non-controlling interests) for the continuing operations are as follows:-

	Group		
	30/9/2012	30/9/2011	Change
	\$'000	\$'000	%
		(Restated)	
(a) Sales reported for first half year	2,588,583	2,838,463	(8.8)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	368,770	492,727	(25.2)
(c) Sales reported for second half year	1,007,514	1,771,774	(43.1)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	390,165	371,917	4.9

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	30/9/2012	30/9/2011
	\$'000	\$'000
Ordinary	257,549	254,527

18. Subsequent Events

On 18 August 2012, the Company had entered into conditional sale and purchase agreements with Heineken International B.V. in connection with the proposed sale of the Company's interests in Asia Pacific Breweries Limited ("APBL") and Asia Pacific Investment Pte Ltd ("APIPL") (together, the "APIPL Group") for a total consideration of \$5.6 billion (the "Transaction"). On 28 September 2012, at the Extraordinary General Meeting of the Company, the members approved and adopted the Transaction. The Transaction was completed on 15 November 2012.

On 15 November 2012, Credit Suisse (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd. and CIMB Bank Berhad, Singapore Branch announced for and on behalf of OUE Baytown Pte. Ltd. ("OUE Baytown"), a firm intention by OUE Baytown to make a voluntary conditional cash offer (the "OUE Offer") for all the issued and paid-up ordinary shares in the capital of the Company ("Shares"), other than those Shares held by the Company as treasury shares and those Shares owned, controlled or agreed to be acquired, directly or indirectly, by OUE Baytown as at the date of the OUE Offer at \$9.08 (the "OUE Offer Announcement").

Prior to the issuance of the OUE Offer Announcement, in consideration of OUE Baytown making the OUE Offer at an offer price of not less than \$9.08 per Share, the Company gave an undertaking (the "Break Fee Undertaking") to pay OUE Baytown a fee (the "Break Fee") equal to the costs and expenses reasonably incurred by OUE Baytown in respect of its legal and financial advisers and lenders in connection with the making of the Offer, subject to a maximum of \$50 million and the reduction mechanism described below. The Break Fee will be payable in the event that a general offer (not being the OUE Offer) for the Shares at or above the OUE Offer price becomes or is declared unconditional as to acceptances within 85 calendar days from the date of the OUE Offer Announcement or such longer period that the Securities Industry Council may allow the OUE Offer to continue.

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The Break Fee will not be payable :-

- (a) if OUE Baytown did not announce its firm intention to make the Offer on or before 15 November 2012; or
- (b) if, after the announcement of the OUE Offer, OUE Baytown withdraws or is prevented from proceeding with the OUE Offer at any time before (i) the despatch of the Offer Document in respect of the OUE Offer, or (ii) the closing date of the OUE Offer.

The Break Fee shall also be reduced by an amount equal to the actual or potential gains that OUE Baytown and/or its concert parties (other than certain excluded parties) may attain from a sale or deemed sale of any Shares that they may hold, acquire or agree to acquire on or after the date of the OUE Offer Announcement.

The Company applied for, and the Securities Industry Council issued on 15 November 2012, a ruling that the Break Fee Undertaking is in compliance with Rule 13 of the Singapore Code on Take-overs and Mergers.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and the Directors jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

20. Annual General Meeting

The Annual General Meeting of the Company will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on Friday, 29 January 2013.

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company who is related to the director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD
Anthony Cheong Fook Seng
Group Company Secretary

16 November 2012