

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

28 January 2013

To: The Shareholders of the Company

Dear Sir / Madam

THE REVISED MANDATORY CONDITIONAL CASH OFFER BY TCC ASSETS FOR THE TCC OFFER SHARES

1. BACKGROUND

- 1.1 **Revised TCC Offer.** On 18 January 2013, United Overseas Bank Limited, DBS Bank Ltd. and Morgan Stanley Asia (Singapore) Pte. (collectively, "**TCC's Financial Advisers**"), for and on behalf of TCC Assets Limited ("**TCC Assets**"), issued an announcement (the "**TCC Offer Revision Announcement**") on the revision of the mandatory conditional cash offer by TCC's Financial Advisers, for and on behalf of TCC Assets (the "**TCC Offer**"), for all the issued and paid-up ordinary shares in the capital of Fraser and Neave, Limited (the "**Company**") other than those held by the Company as treasury shares and those already owned, controlled or agreed to be acquired, directly or indirectly, by TCC Assets as at the date of the TCC Offer and those owned by International Beverage Holdings Limited as at the date of the TCC Offer (and which have since been transferred to Interbev Investment Limited) (the "**TCC Offer Shares**"). In the TCC Offer Revision Announcement, TCC Assets announced that it was increasing the TCC Offer price from S\$8.88 for each TCC Offer Share to S\$9.55 for each TCC Offer Share (the "**Revised TCC Offer**").

This supplemental letter ("Supplemental Letter") is important as it contains the recommendation of the directors of the Company who are considered independent for the purpose of the Revised TCC Offer ("Independent Directors") and the advice of J.P. Morgan (S.E.A.) Limited ("J.P. Morgan") to the Independent Directors in relation to the Revised TCC Offer. This Supplemental Letter requires the immediate attention of shareholders of the Company ("Shareholders") and Shareholders should read it carefully.

- 1.2 **Revised TCC Offer Letter.** Shareholders should have received a copy of the offer letter dated 21 January 2013 ("**Revised TCC Offer Letter**") issued by TCC's Financial Advisers, for and on behalf of TCC Assets, setting out, *inter alia*, the revisions to the TCC Offer. **Shareholders are advised to read the terms and conditions of the Revised TCC Offer set out in the Revised TCC Offer Letter carefully.**

A copy of the Revised TCC Offer Letter is available on the website of the SGX-ST at www.sgx.com.

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- 1.3 Auction Procedure.** The Securities Industry Council (“**SIC**”) had, on 15 January 2013, released a public statement setting out the auction procedure (“**Auction Procedure**”) to resolve the competitive situation in relation to the Company. On 21 January 2013, the SIC announced that the Auction Procedure had ended.
- 1.4 Lapse of OUE Offer.** As set out in the announcement dated 21 January 2013 (the “**OUE Close of Offer Announcement**”) by Credit Suisse (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd. and CIMB Bank Berhad, Singapore Branch (collectively, “**OUE Baytown’s Financial Advisers**”), for and on behalf of OUE Baytown Pte. Ltd. (“**OUE Baytown**”), the voluntary conditional cash offer by OUE Baytown’s Financial Advisers, for and on behalf of OUE Baytown, to acquire all 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 as at the date of its offer (the “**OUE Offer**”) had lapsed as at 5.30 p.m. (Singapore time) on 21 January 2013.
- 1.5 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 had agreed on 15 November 2012 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 OUE Offer, subject to a maximum of S\$50 million and a reduction mechanism as hereinafter described. The Break Fee will be payable in the event that the Revised TCC Offer becomes or is declared unconditional as to acceptances within 85 calendar days from 15 November 2012 (being the date of the announcement of the OUE Offer by OUE Baytown’s Financial Advisers, for and on behalf of OUE Baytown) (the “**OUE Offer Announcement Date**”). The Break Fee shall 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 deemed sale of any Shares that they may hold, acquire or agree to acquire after the OUE Offer Announcement Date.
- 1.6 Definitions.** Unless otherwise stated, all terms and expressions used in this Supplemental Letter shall have the meanings given to them in the circular to Shareholders dated 20 December 2012 (the “[Offeree Circular on the OUE Offer](#)”) issued by the Company in relation to the OUE Offer.
- 1.7 Purpose of this Supplemental Letter.** The purpose of this Supplemental Letter is to provide Shareholders with relevant information pertaining to the Revised TCC 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 Revised TCC 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 Supplemental Letter before deciding whether or not to accept the Revised TCC Offer.**

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

2. THE REVISED TCC OFFER

TCC Assets has offered to acquire the TCC Offer Shares on the terms and subject to the conditions set out in the Revised TCC Offer Letter, the TCC Offer Revision Announcement, the TCC Offer Document, the TCC FAA and the TCC FAT. The principal terms and conditions of the Revised TCC Offer, as extracted from the Revised TCC Offer Letter, the TCC Offer Revision Announcement and the TCC Offer Document are set out below.

- 2.1 Revised TCC Offer Price.** As stated in the Revised TCC Offer Letter, TCC Assets is making the Revised TCC Offer on the following basis:

For each TCC Offer Share: S\$9.55 in cash (“Revised TCC Offer Price”).

The Revised TCC Offer Price of S\$9.55 in cash for each TCC Offer Share is S\$0.67 higher than the preceding offer price from TCC Assets of S\$8.88 in cash for each TCC Offer Share.

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Shareholders should note that, as announced on 22 January 2013 by TCC's Financial Advisers, for and on behalf of TCC Assets (the "TCC No Further Revision Announcement"), pursuant to the rules of the Auction Procedure, TCC Assets is not in a position to further revise the Revised TCC Offer Price and the Revised TCC Offer Price is final and will not be revised, except that TCC Assets reserves the right to do so in a competitive situation.

The TCC Offer Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits, and entitlements attached thereto as at 13 September 2012 (being the date of the announcement of the TCC Offer by TCC's Financial Advisers, for and on behalf of TCC Assets) (the "TCC Offer Announcement Date") and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital ("Dividends")) (if any) which may be announced, declared, paid or made thereon by the Company on or after the TCC Offer Announcement Date. In the event any Dividends have been paid by the Company to a Shareholder who accepts the Revised TCC Offer, the Revised TCC Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such Dividends paid by the Company to such accepting Shareholder.

Without prejudice to the generality of the foregoing, the Revised TCC Offer Price has been determined on the basis that the TCC Offer Shares will be acquired with the right to receive the final tax-exempt dividend of 12.0 cents per Share for the financial year ended 30 September 2012 proposed by the Directors on 16 November 2012 (the "FY2012 Dividend") if the FY2012 Dividend is approved by Shareholders.

Accordingly, the following will apply if the FY2012 Dividend is approved by Shareholders:

- (a) if the settlement date in respect of the TCC Offer Shares accepted pursuant to the Revised TCC Offer falls on or before the record date for the determination of entitlements to the Dividends (the "Record Date"), TCC Assets will pay the relevant accepting Shareholders the Revised TCC Offer Price for each TCC Offer Share as TCC Assets will receive the Dividends in respect of those TCC Offer Shares from the Company; and
- (b) if the settlement date in respect of the TCC Offer Shares accepted pursuant to the Revised TCC Offer falls after the Record Date, the amount of the Dividends in respect of such TCC Offer Shares will be deducted from the Revised TCC Offer Price payable for such TCC Offer Shares as TCC Assets will not receive the Dividends in respect of those TCC Offer Shares from the Company.

The Record Date has been announced by the Company to be **5 p.m. (Singapore time) on 5 February 2013**.

Shareholders who have earlier accepted the TCC Offer are entitled to receive the Revised TCC Offer Price in respect of their Shares tendered in acceptance of the TCC Offer. Accordingly, no further action in respect of the Revised TCC Offer is required to be taken by Shareholders who have earlier accepted the TCC Offer and who have not withdrawn their acceptances.

Shareholders who have tendered their Shares in acceptance of the OUE Offer and who wish to accept the Revised TCC Offer must first ensure that their Shares are returned to them following the lapse of the OUE Offer before accepting the Revised TCC Offer. Shareholders who are Depositors and who have accepted the OUE Offer should check their securities accounts with CDP to ensure that their Shares have been transferred to the "Free Balance" of their securities account before accepting the Revised TCC Offer. Shareholders who hold Shares in scrip form and who have accepted the OUE Offer should ensure that their Form(s) of Acceptance and Transfer for the OUE Offer and other documents (including share certificate(s)) are returned to them following the lapse of the OUE Offer before accepting the Revised TCC Offer.

Further details on the return of acceptances of the OUE Offer are set out in paragraph 5 of the OUE Close of Offer Announcement.

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2.2 Other terms. According to the TCC Offer Revision Announcement, save as disclosed in the TCC Offer Revision Announcement, all other terms and conditions of the TCC Offer as set out in the TCC Offer Document remain unchanged.

2.3 Revised TCC Offer Closing Date. Shareholders should note that the Revised TCC Offer will close at 5.30 p.m. (Singapore time) on 4 February 2013 or such later date(s) as may be announced from time to time by or on behalf of TCC Assets (the “**Revised TCC Offer Closing Date**”). As set out in the TCC No Further Revision Announcement, unless the Revised TCC Offer becomes or is declared unconditional as to acceptances on or before 5.30 p.m. (Singapore time) on 4 February 2013, the Revised TCC Offer will lapse at 5.30 p.m. (Singapore time) on 4 February 2013.

3. DIRECTORS’ INTERESTS AND INTENTIONS

3.1 Interests in Shares. Details of the Directors’ direct and deemed interests in Shares as at 21 January 2013, being the latest practicable date prior to the printing of this Supplemental Letter (the “**Latest Practicable Date**”), are set out in the Appendix to this Supplemental Letter.

3.2 Intentions with regard to the Revised TCC 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 Revised TCC Offer in respect of such Shares in the following manners:

- (a) Mr Lee Hsien Yang intends to accept the Revised TCC Offer in respect of the 180,000 Shares directly held by him. 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 to accept the Revised TCC Offer in respect of such Shares.
- (b) Mr Timothy Chia Chee Ming intends to accept the Revised TCC Offer in respect of the 15,187 Shares directly held by him.
- (c) Mr Tan Chong Meng intends to accept the Revised TCC Offer in respect of the 30,000 Shares directly held by him.
- (d) Mr Nicky Tan Ng Kuang intends to accept the Revised TCC Offer in respect of the 50,000 Shares directly held by him.

4. ADVICE AND RECOMMENDATIONS

4.1 General. J.P. Morgan, the independent financial adviser to the Independent Directors in respect of the Revised TCC Offer, has issued a further opinion in response to the Revised TCC Offer. Shareholders should read and consider carefully the recommendations of the Independent Directors and the advice of J.P. Morgan to the Independent Directors dated 28 January 2013 (“**J.P. Morgan Letter on the Revised TCC Offer**”)

4.2 Independent Directors. All of the Directors consider themselves to be independent for the purpose of making a recommendation on the Revised TCC Offer.

4.3 Advice of J.P. Morgan to the Independent Directors in respect of the Revised TCC Offer. The Independent Directors have carefully considered the advice of J.P. Morgan to the Independent Directors in respect of the Revised TCC Offer, which is set out on pages 75 to 79 of this Supplemental Letter. J.P. Morgan’s advice to the Independent Directors in respect of the Revised TCC Offer, as extracted from Section 10 of the J.P. Morgan Letter on the Revised TCC Offer, is set out in *italics* below and should be read in conjunction with, and in the context of, the full text of the J.P. Morgan Letter on the Revised TCC Offer. Unless otherwise stated, all terms and expressions used in the extract below shall have the meaning given to them in the J.P. Morgan Letter on the Revised TCC Offer.

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“10. 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 Revised TCC Offer Price. However, the liquidity of the Shares may be impacted following the close of the Revised TCC Offer depending on, amongst other things, the number of Shares tendered into the Revised TCC 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 Revised TCC Offer Price represents a premium in a range of between 20.9% to 77.2% to these prices*
- c) *Following the Unaffected Share Price Date up to the Latest Practicable Date, the Shares have traded between S\$7.60 and S\$9.74 based on the daily closing price, i.e. where the Revised TCC Offer Price represents a range between a discount of (2.0)% to a premium of 25.7% to these prices*
- d) *Based on our comparison of the Revised TCC Offer Price against the Company's volume-weighted average prices over the various timeframes, we have assessed:*
 - i. *The Revised TCC Offer Price represents a premium of approximately 24.8%, 31.7%, 38.8%, 41.5% and 51.8% 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 Revised TCC Offer Price represents a premium/(discount) of approximately (0.8)%, (1.0)%, 2.2%, 7.0% and 13.6% 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 Revised TCC Offer Announcement Date*
 - iii. *The Revised TCC Offer Price represents a premium of approximately 20.9% to the last transacted price of S\$7.90 on the Unaffected Share Price Date and represents a discount of approximately (0.3)% to the last transacted price of S\$9.58 one Market Day prior to the Revised TCC Offer Announcement Date*
 - iv. *The Revised TCC Offer Price represents a discount of approximately (2.0)% to the closing price of the Shares of S\$9.74 as at the Latest Practicable Date*
 - v. *The implied Revised TCC Offer Price excluding the APBL and APIPL Proceeds would be S\$5.67 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date to the Latest Practicable Date excluding the APBL and APIPL Proceeds would be S\$5.04 per Share. Therefore, the Revised TCC Offer Price excluding the APBL and APIPL Proceeds represents a premium of approximately 12.6% during this period*
- e) *The valuation multiples implied by the Revised TCC Offer Price as compared with the historical trading levels of the Company are as follows:*
 - i. *The Revised TCC Offer Price represents a premium of approximately 28.5%, to the median of F&N's trailing 12 month EV/EBITDA multiple of 11.8x from the Unaffected Share Price Date*

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- ii. *The Revised TCC Offer Price represents a premium of approximately 66.6%, to the median of F&N's trailing 12 month P/E multiple of 17.5x from the Unaffected Share Price Date*
 - iii. *The Revised TCC Offer Price represents a premium of approximately 39.5%, to the median of F&N's trailing 12 month P/B multiple of 1.3x from the Unaffected Share Price Date*
 - iv. *The Revised TCC Offer Price represents a discount of approximately (36.6)% to the median of F&N's trailing 12 month EV/EBITDA multiple of 21.8x from the Unaffected Share Price Date to the Latest Practicable Date*
 - v. *The Revised TCC Offer Price represents a discount of approximately (27.1)% to the median of F&N's trailing 12 month P/E multiple of 40.0x from the Unaffected Share Price Date to the Latest Practicable Date*
 - vi. *The Revised TCC Offer Price represents a premium of approximately 4.0% to the median of F&N's trailing 12 month P/B multiple of 1.7x from the Unaffected Share Price Date to the Latest Practicable Date*
- f) *The general offer premia resulting from the Revised TCC 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 Revised TCC Offer Price compared to the share price as of the Unaffected Share Price Date is below the median of the 1-day and 1-month offer premia of selected general offers in Singapore but above the 3-month and 6-month offer premia of the abovementioned transactions*
 - ii. *The general offer premia resulting from the Revised TCC Offer Price compared to the share price preceding the Revised TCC 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*
- g) *Based on certain research reports by stock brokers in relation to the Shares and/or the Revised TCC Offer, we note the following:*
- i. *The Revised TCC Offer Price represents a premium of 29.0% to the average price target estimates by brokers as of the Unaffected Share Price Date*
 - ii. *The Revised TCC Offer Price represents a premium of 1.2% to the average price target estimates by brokers as of the Revised TCC Offer Announcement Date*
 - iii. *The Revised TCC Offer Price represents a premium of 1.2% to the average price target estimates by brokers as of the Latest Practicable Date*
- h) *We note that the Revised TCC Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share of S\$8.58 to S\$11.68*
- i. *We also note that the implied Revised TCC 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 Latest Practicable Date, the Revised TCC Offer Price is **fair** from a financial point of view.*

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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.

For the purposes of providing this letter and our evaluation of the Revised TCC 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 Revised TCC 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 Revised TCC Offer. Our opinion also does not incorporate an assessment of the price at which Shares may trade following the success or failure of the Revised TCC 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 Revised TCC Offer.

The Independent Directors may wish to consider advising Shareholders who:

- i. wish to realise their investments in the Company at this time*
- ii. believe that the current market price of the Shares may decrease*
- iii. believe that a higher competing offer will not be made*
- 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 tendering all or a portion of their Shares in acceptance of the Revised TCC Offer or selling all or a portion of their Shares in the open market if they can obtain a price higher than the Revised TCC Offer Price (after deducting all related expenses) by doing so. If the Independent Directors make a recommendation to Shareholders to tender Shares in acceptance of the Revised TCC Offer, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that the Revised TCC 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 Revised TCC 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.

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The Independent Directors may wish to consider advising Shareholders who:

- (i) do not currently wish to realise their investments in the Company*
- (ii) believe that the current market price of the Shares may increase*
- (iii) believe that a higher competing offer may be made*
- (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 Revised TCC 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 Revised TCC 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 2.4 and 2.5 of the TCC Offer Document that it will not make an offer to acquire the ESOS Options and/or the Share Awards.

However, as the Revised TCC 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 Revised TCC 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."

4.4 Recommendation of the Independent Directors in respect of the Revised TCC Offer. The Independent Directors, having considered carefully the terms of the Revised TCC Offer and the advice given by J.P. Morgan to the Independent Directors in the J.P. Morgan Letter on the Revised TCC Offer, **CONCUR** with the opinion of J.P. Morgan that the Revised TCC Offer is fair and adopt the advice of J.P. Morgan.

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 8.10 of the J.P. Morgan Letter on the Revised TCC Offer)¹ is between S\$8.58 and S\$11.68. As such, while the Revised TCC Offer Price of S\$9.55 per TCC Offer Share is within the range of such valuation, it remains below the mid-point of the valuation range and represents an 18.24% discount to the top end of the range.

The top end of the valuation range has been further revised upwards from the previous range of S\$8.58 and S\$11.56, as set out in Section 9.10 of the J.P. Morgan Letter published in the Offeree Circular on the OUE Offer. The previous range of S\$8.58 and S\$11.56 per Share was itself an upward revision of the original sum-of-the-parts valuation of S\$8.30 and S\$11.22 as set out in Section 8.10 of the J.P. Morgan Letter published in the Offeree Circular on the TCC Offer.

¹ Shareholders should read Section 8.10 (Sum-of-the-parts valuation) of the J.P. Morgan Letter on the Revised TCC Offer in its entirety and in particular, note all of the considerations associated with a "sum-of-the-parts" valuation analysis.

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- (b) While TCC Assets has stated in the TCC Offer Document that, *inter alia*, it intends to undertake a review of the Company's businesses and operations as well as evaluate various strategic options, TCC Assets has not indicated any firm intentions on the future directions of the Company.
- (c) In addition, as at the Latest Practicable Date, there is no visibility on TCC Asset's intentions with regard to the S\$5.591 billion proceeds received from the APB Sale. In accordance with the intentions announced by TCC Assets and ThaiBev on 26 September 2012, TCC Assets and IBHL voted against the capital reduction resolution to distribute a significant part of the sale proceeds from the APB Sale to Shareholders. There is no certainty that the proceeds from the APB Sale will be distributed to Shareholders.
- (d) As stated in the OUE Close of Offer Announcement, the OUE Offer has lapsed and is no longer open for acceptances, making the Revised TCC Offer the only offer that is available for acceptance by Shareholders as at the Latest Practicable Date.
- (e) As stated in the TCC No Further Revision Announcement, the Revised TCC Offer Price is final and will not be revised except that TCC Assets reserves the right to do so in a competitive situation.
- (f) The Independent Directors who hold Shares intend to accept the Revised TCC Offer in respect of their own direct holdings in the Shares.

Shareholders are advised to carefully consider 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 on the Revised TCC Offer, the intentions of the Offeror and the intentions of the Independent Directors in relation to their own direct holdings in the Shares as set out in the Circular.

The Directors recommend as follows. Shareholders who, after taking the above into consideration:

- (i) wish to realise their investments in the Company at this time;
- (ii) believe that the current market price of the Shares may decrease;
- (iii) believe that a higher competing offer will not be made; 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 TCC Assets and its concert parties,

may wish to consider tendering all or a portion of their Shares in acceptance of the Revised TCC Offer or selling all or a portion of their Shares in the open market if they can obtain a price higher than the Revised TCC Offer Price (after deducting all related expenses) by doing so.

The Independent Directors wish to highlight to Shareholders who are considering to tender their Shares in acceptance of the Revised TCC Offer that (i) there is no certainty that the Revised TCC 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 Revised TCC 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.

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Shareholders who, after taking the above into consideration:

- (i) do not currently wish to realise their investments in the Company;
- (ii) believe that the current market price of the Shares may increase;
- (iii) believe that a higher competing offer may be made; 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 TCC Assets 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.

The Independent Directors wish to highlight to Shareholders who are considering to retain their Shares that (i) there is no certainty that following the close of the Revised TCC 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 Revised TCC 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.

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 immediately.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Revised TCC Offer must do so not later than **5.30 p.m. on 4 February 2013** or such later date(s) as may be announced from time to time by or on behalf of TCC Assets. Shareholders who wish to accept the Revised TCC Offer should refer to Appendix V to the TCC Offer Document which sets out the procedures for acceptance of the Revised TCC Offer.

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

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including the Director(s), if any, who may have delegated detailed supervision of this Supplemental Letter), collectively and individually accept full responsibility for the accuracy of the information given in this Supplemental Letter (other than the J.P. Morgan Letter on the Revised TCC Offer), and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Supplemental Letter constitutes full and true disclosure of all material facts about the Revised TCC 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 Supplemental Letter misleading.

Where information in this Supplemental Letter has been extracted from published or otherwise publicly available sources or obtained from a named source (including information extracted from the Revised TCC Offer Letter, the TCC Offer Revision Announcement, the TCC Offer Document and the J.P. Morgan Letter on the Revised TCC Offer), 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 Supplemental Letter 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

28 January 2013

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

Dear Sir/Madam:

Revised mandatory conditional cash offer by United Overseas Bank Limited (“UOB”), DBS Bank Ltd. (“DBS Bank”) and Morgan Stanley Asia (Singapore) Pte. (“Morgan Stanley”) for and on behalf of TCC Assets Limited (“TCC Assets” or the “Offeror”), to acquire all the ordinary shares in the capital of Fraser and Neave, Limited (“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, directly or indirectly, by TCC Assets as at the date of the TCC Offer and those owned by International Beverage Holdings Limited as at the date of the TCC Offer (and which have since been transferred to Interbev Investment Limited) (the “TCC Offer Shares”)

1. Introduction

J.P. Morgan (S.E.A.) Limited (“**JPMSEAL**”) refers to the announcements by UOB, DBS Bank and Morgan Stanley (collectively, “**TCC’s Financial Advisers**”) for and on behalf of the Offeror dated 18 January 2013 (“**Revised TCC Offer Announcement**”) as well as the TCC Offer Document dated 27 September 2012 (“**TCC Offer Document**”) in relation to the TCC Offer. In the Revised TCC Offer Announcement, TCC’s Financial Advisers announced, for and on behalf of the Offeror, that the Offeror was increasing the offer price (the “**Revised TCC Offer**”) from S\$8.88 for each TCC Offer Share to S\$9.55 for each TCC Offer Share (the “**Revised TCC Offer Price**”).

JPMSEAL also refers to the offer letter dated 21 January 2013 (“**Revised TCC Offer Letter**”) issued by TCC’s Financial Advisers, for and on behalf of TCC Assets, setting out, *inter alia*, the Revised TCC Offer.

As announced by the Offeree in an announcement dated 22 January 2013, JPMSEAL has been appointed as the independent financial adviser to advise the directors of the Company who are considered independent for the purpose of the Revised TCC Offer (the “**Independent Directors**”).

This letter sets out our evaluation of the Revised TCC Offer Price, from a financial perspective, for inclusion in the supplemental letter (the “**Supplemental Letter**”) to be sent to Shareholders in connection with the Revised TCC Offer. Unless otherwise defined in this letter or where the context otherwise requires, all terms defined in the circular to Shareholders dated 20 December 2012 (the “**Circular**”) issued by the Company and the Supplemental Letter shall have the same meaning when used in this letter.

2. Terms of reference

In the course of our evaluation of the Revised TCC Offer Price, 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 Revised TCC 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 with publicly available information concerning certain other companies we deemed relevant;

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

- Participated in discussions with certain members of the management of the Company with respect to certain aspects of the Revised TCC 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;
- 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 Revised TCC 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 TCC Offer Document, the Revised TCC Offer Letter, the Circular and the Supplemental Letter; 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), or any other relevant party to the Revised TCC 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 Revised TCC Offer will be consummated in accordance with the terms set forth in the TCC Offer Document and the Revised TCC Offer Announcement 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 Revised TCC Offer. We have further assumed, *inter alia*, that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Revised TCC 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 Revised TCC Offer.

This letter is based on economic, market and other conditions as in effect on, and the information made available to us as of 21 January 2013 (the “**Latest Practicable Date**”). Developments after the Latest Practicable 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 Revised TCC Offer Price. We express no opinion as to the fairness of the Revised TCC 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 Revised TCC 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 Revised TCC Offer, or any class of such persons relative to the Revised TCC Offer Price to be received by the holders of the Shares in the Revised TCC Offer or with respect to the fairness of any such compensation.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the Revised TCC Offer Price, or any other aspects of the Revised TCC 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 or any other alternative transaction. We do not comment on the merits and/or risks of the Revised TCC Offer, nor do we evaluate and/or comment on the strategic or commercial merits and/or risks of the Revised TCC Offer, or on the prospects of the Company, or the F&N Group. We do not assume any responsibility to address the relative merits and/or risks of the Revised TCC 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 Revised TCC 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 Revised TCC Offer, and the Supplemental Letter 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.

We have relied upon the assurances of the Directors that the Supplemental Letter has been approved by the Directors (including those who may have delegated detailed supervision of the Supplemental Letter) who accept full responsibility for the accuracy of the information given in the Supplemental Letter (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 Supplemental Letter constitutes full and true disclosure of all material facts about the Revised TCC Offer, the Company, the F&N Group and the Directors are not aware of any fact the omission of which would make any statement in the Supplemental Letter misleading. For the purposes of providing this letter and our evaluation of the Revised TCC 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 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 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 Revised TCC Offer is declared unconditional or on the future financial performance of the Company, the F&N Group, 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 Supplemental Letter (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 Supplemental Letter (other than this letter from JPMSEAL and paragraph 5 of the Appendix to the Supplemental Letter to the extent it relates to JPMSEAL's interest and dealings). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Supplemental Letter (except for this letter and paragraph 5 of the Appendix to the Supplemental Letter to the extent it relates to JPMSEAL's interest and dealings).

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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), or any other company that may be involved in the Revised TCC 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 and the Offeror (and parties acting in concert with each of the Company and the Offeror) 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 Revised TCC 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 Revised TCC Offer, or any other matter. Whilst a copy of this letter and parts thereof may be reproduced in the Supplemental Letter, 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 Revised TCC Offer Price should be considered in the context of the entirety of this letter.

3. Terms and conditions of the Revised TCC Offer

Shareholders should by now have received or have access to a copy of the Revised TCC Offer Announcement, the TCC Offer Document and the Revised TCC Offer Letter which, amongst other things, sets out the Revised TCC Offer Price in the Revised TCC Offer Announcement. The principal terms of the Revised TCC Offer, as extracted from the TCC Offer Document, the Revised TCC Offer Announcement and the TCC No Further Revision Announcement (as defined in the Supplemental Letter), are set out below.

3.1 Revised TCC Offer Price

For each TCC Offer Share: S\$9.55 in cash.

It should be noted that, as set out in the TCC No Further Revision Announcement, pursuant to the rules of the Auction Procedure (as defined in the Supplemental Letter), TCC Assets is not in a position to further revise the Revised TCC Offer Price and the Revised TCC Offer Price is final and will not be revised, except that TCC Assets reserves the right to do so in a competitive situation.

3.2 Other Terms

According to the Revised TCC Offer Announcement, save as disclosed in the Revised TCC Offer Announcement, all other terms and conditions of the TCC Offer as set out in the TCC Offer Document remain unchanged.

3.3 Dividend Adjustments

The TCC Offer Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits, and entitlements attached thereto as at 13 September 2012 (being the date of the announcement of the TCC Offer by TCC's Financial Advisers, for and on behalf of TCC Assets) (the "**TCC Offer Announcement Date**") and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital ("**Dividends**") (if any) which may be announced, declared, paid or made thereon by the Company on or after the TCC Offer Announcement Date.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

In the event any Dividends have been paid by the Company to a Shareholder who accepts the Revised TCC Offer, the Revised TCC Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such Dividends paid by the Company to such accepting Shareholder.

Without prejudice to the generality of the foregoing, the Revised TCC Offer Price has been determined on the basis that the TCC Offer Shares will be acquired with the right to receive the final tax-exempt dividend of 12.0 cents per Share for the financial year ended 30 September 2012 proposed by the Directors on 16 November 2012 (the “**FY2012 Dividend**”) if the FY2012 Dividend is approved by Shareholders.

Accordingly, the following will apply if the FY2012 Dividend is approved by Shareholders:

- (a) if the settlement date in respect of the Shares accepted pursuant to the Revised TCC Offer falls on or before the record date for the determination of entitlements to the Dividends (the “**Record Date**”), the Offeror will pay the relevant accepting Shareholders the Revised TCC Offer Price for each TCC Offer Share as the Offeror will receive the Dividends in respect of those TCC Offer Shares from the Company; and
- (b) if the settlement date in respect of the TCC Offer Shares accepted pursuant to the Revised TCC Offer falls after the Record Date, the amount of the Dividends in respect of such TCC Offer Shares will be deducted from the Revised TCC Offer Price payable for such TCC Offer Shares as the Offeror will not receive the Dividends in respect of those TCC Offer Shares from the Company.

The Record Date has been announced by the Company to be 5 p.m. (Singapore time) on 5 February 2013.

3.4 Revised TCC Offer period

The Revised TCC Offer will close at 5.30 p.m. (Singapore time) on 4 February 2013 or such later date(s) as may be announced from time to time by or on behalf of TCC Assets (the “**Revised TCC Offer Closing Date**”). As set out in the TCC No Further Revision Announcement, unless the Revised TCC Offer becomes or is declared unconditional as to acceptances on or before 5.30 p.m. (Singapore time) on 4 February 2013, the Revised TCC Offer will lapse at 5.30 p.m. (Singapore time) on 4 February 2013.

3.5 Procedures for the acceptance

Shareholders who have earlier accepted the TCC Offer are entitled to receive the Revised TCC Offer Price in respect of their Shares tendered in acceptance of the TCC Offer. Accordingly, no further action in respect of the Revised TCC Offer is required to be taken by Shareholders who have earlier accepted the TCC Offer and who have not withdrawn their acceptances.

Shareholders who have tendered their Shares in acceptance of the OUE Offer and who wish to accept the Revised TCC Offer must first ensure that their Shares are returned to them following the lapse of the OUE Offer before accepting the Revised TCC Offer. Shareholders who are Depositors and who have accepted the OUE Offer should check their securities accounts with CDP to ensure that their Shares have been transferred to the “Free Balance” of their securities account before accepting the Revised TCC Offer. Shareholders who hold Shares in scrip form and who have accepted the OUE Offer should ensure that their Form(s) of Acceptance and Transfer for the OUE Offer and other documents (including share certificate(s)) are returned to them following the lapse of the OUE Offer before accepting the Revised TCC Offer.

Further details on the return of acceptances of the OUE Offer are set out in paragraph 5 of the OUE Close of Offer Announcement (as defined in the Supplemental Letter).

Procedures for acceptance of the Revised TCC Offer are set out in Appendix V to the TCC Offer Document.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

4. Information on the Offeror

Information on the Offeror and parties acting in concert with the Offeror is set out in Paragraph 3 and Appendix I to the TCC Offer Document.

5. Rationale for the Revised TCC Offer

The rationale for the Revised TCC Offer is set out in Paragraph 6 of the TCC Offer Document.

6. 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 TCC Offer Document and set out in italics below. Unless otherwise stated, all terms and expressions used in the extract below should have the same meanings given to them in the TCC Offer Document.

“9.1 Listing Status Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the F&N 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 listing 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 F&N Offer.

Under Rule 724(1) 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. Rule 724(2) of the Listing Manual states that 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.

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

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of F&N Shares which, together with the F&N Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), the Shareholders who have not accepted the F&N Offer at a price equal to the Offer Price have a right to require the Offeror to acquire their F&N Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

9.3 Offeror's Intentions *It is the current intention of the Offeror to maintain the present listing status of the Company on the Mainboard of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that the Company does not meet the minimum public float required under the Listing Manual at the close of the F&N Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 9.2 of this Offer Document, depending on, inter alia, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time."*

7. Information on the Company

Information on the Company can be found in Paragraph 4 and Appendix II to the TCC Offer Document.

8. Financial evaluation of the Revised TCC Offer

Introduction

8.1 Methodology

We have confined our evaluation to the financial terms of the Revised TCC Offer Price. In evaluating the fairness of the Revised TCC 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 Latest Practicable Date, upon Company financials as of 30 September 2012 except where otherwise stated, upon publicly available information and information made available to us by the Company as at the Latest Practicable Date:

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

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

Historical multiple analysis to assess how the Revised TCC 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 Revised TCC Offer Price compare to the premium/(discount) on selected general offers in Singapore;

Research broker estimates analysis to assess how the Revised TCC 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 Revised TCC Offer Price.

8.2 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 Latest Practicable Date. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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.

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 1,440,727,595 Shares excluding treasury shares. We have also relied on the basis that as of the Latest Practicable Date, there are 791,841 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. These 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.

8.3 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 8.10.1(ii) “Revalued net asset value (“RNAV”) of properties segment” of this letter for more details on the basis and assumptions of RNAV 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

8.4 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 Revised TCC 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 Revised TCC Offer Price.

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Chart 1 – Liquidity analysis

Liquidity analysis of top 15 SGX-ST listed companies by market capitalisation ¹					
Rank		Market cap (S\$mm)	Free float (%) ²	12M ADTV / Free float ⁴	12M ADTV / Market cap ⁵
1	Singapore Telecommunications	55,803	47.8	0.30%	0.13%
2	Jardine Matheson	51,610	36.7	0.09%	0.03%
3	Jardine Strategic Holdings	50,819	17.9	0.09%	0.01%
4	DBS Group Holdings	35,091	70.3	0.23%	0.16%
5	OCBC Bank	33,112	80.5	0.13%	0.10%
6	United Overseas Bank	29,338	92.1	0.15%	0.14%
7	Wilmar International	23,858	36.2	0.49%	0.18%
8	Hongkong Land Holdings	21,823	49.8	0.17%	0.07%
9	Dairy Farm International	20,607	22.0	0.05%	0.01%
10	Keppel Corporation	20,405	78.2	0.30%	0.22%
11	Genting Singapore	17,831	47.9	0.72%	0.35%
12	Jardine Cycle & Carriage	17,554	22.1	0.27%	0.06%
13	Capitaland Ltd	16,579	59.8	0.44%	0.21%
14	APB Breweries	13,467	0.5	29.08%	0.13%
15	Global Logistic Properties	13,083	29.9	0.63%	0.16%
	Mean	28,065	46.1	2.21%	0.13%
	Median	21,823	47.8	0.27%	0.13%
	Maximum	55,803	92.1	29.08%	0.35%
	Minimum	13,083	0.5	0.05%	0.01%
	Fraser & Neave, Limited	14,027	44.9³	0.84%	0.33%

Source: Bloomberg

Note:

¹ All figures as of the Latest Practicable 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 Latest Practicable Date, divided by free float number of shares

⁵ 12-month average daily trading value leading up to the Latest Practicable Date, divided by market capitalisation

We note that in the 12 months leading up to the Latest Practicable Date, the Company's Average Daily Trading Volume to Free Float of 0.84% 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 Latest Practicable Date and above the median of 0.27%. The Company's Average Daily Trading Value to Market Capitalisation of 0.33% 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 Latest Practicable Date and above the mean and median of 0.13% 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 Latest Practicable Date.

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Chart 2 – Historical trading volume

Historical trading volume					
Period up to the Latest Practicable Date	VWAP (\$)	Total volume traded ('000s)	Avg. daily trading value (S\$'000) ³	Avg. daily trading volume ('000) ⁴	Avg. daily trading volume/free float ⁵
12-month	8.51 ¹	1,347,086	46,213	5,432	0.84%
6-month	8.95 ²	1,122,509	80,305	8,974	1.39%
3-month	9.38 ²	320,279	48,439	5,166	0.80%
1-month	9.66 ²	145,249	70,129	7,262	1.12%
1-week	9.64 ²	119,573	192,198	19,929	3.08%
From the first market day following the Unaffected Share Price Date (16 July 2012)	8.92 ²	1,146,377	78,927	8,845	1.37%
From the first market day following the Revised TCC Offer Announcement Date (18 January 2013) to the Latest Practicable Date (21 January 2013)	9.72 ²	98,136	953,823	98,136	15.15%

Source: Bloomberg as of the Latest Practicable Date

Note:

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 Latest Practicable Date

² Bloomberg VWAP

³ Average daily trading value for the relevant period up to the Latest Practicable Date

⁴ Average daily trading volume for the relevant period up to the Latest Practicable 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 Latest Practicable 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 relating to the TCC Offer (the “**TCC Offer Announcement Date**”) and 18 January 2013 (the “**Revised TCC Offer Announcement Date**”) to the Latest Practicable Date. We note that announcements related to the TCC Offer, the subsequent OUE Offer and the Revised TCC Offer may have had an impact on the trading volume of the Shares during this period.

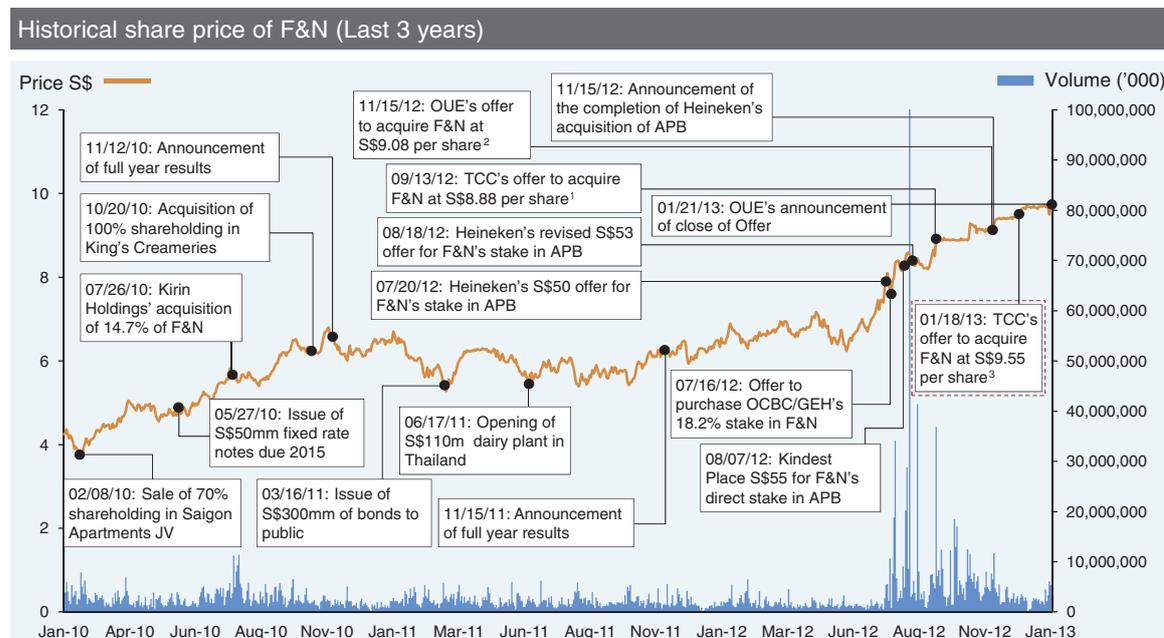
Our analysis of the historical trading volume of the Shares and the average daily trading volume and value in comparison to the Top-15 companies suggests that there is **reasonable liquidity** in the Shares and that the market prices of the Shares should generally reflect a fundamental, market-based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

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8.5 Historical share price trading analysis

In evaluating the fairness of the Revised TCC 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 21 January 2010 to the Latest Practicable Date.

Chart 3 – Historical share price performance and trading volume



Source: Bloomberg, Company announcements as of the Latest Practicable Date

Note:

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 OUE Baytown the intention to make a voluntary conditional cash offer for all of the issued and paid-up 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 for a consideration of S\$9.08 per Share

³ TCC's Financial Advisers announced for and on behalf of the Offeror, that the Offeror revised the original offer price of S\$8.88 to a Revised TCC Offer Price of S\$9.55 for each TCC Offer Share

■ 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\$7.5mm (equivalent to approximately S\$10.6mm)

■ 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\$50mm in principal amount of Fixed Rate Notes pursuant to its S\$2bn 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

■ 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

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- **12 November 2010: Announcement of full year results**
 - F&N announced FY2010 full year revenue was up 11% from the previous year to S\$5,697mm, while PBIT increased 34% from the previous year to S\$1,070mm
- **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\$110mm dairy plant in Thailand**
 - F&N officially opened its new S\$110mm 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\$6,274mm. PBIT improved 8%, to S\$1,152mm, 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\$5.1bn. In addition, Heineken had offered S\$163mm 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\$163mm 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
- **18 January 2013: Announcement of the Revised TCC Offer**
 - TCC announced a Revised TCC Offer Price of S\$9.55 per TCC Offer Share
- **21 January 2013: OUE's announcement of close of the OUE Offer**
 - OUE Baytown announced that it had decided not to revise or extend its S\$9.08 offer for F&N

Between 21 January 2010 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 18 January 2013 (being the Market Day immediately prior to the Revised TCC Offer Announcement Date) was S\$9.58. On 21 January 2013 (being the Market Day immediately after the Revised TCC Offer Announcement Date) the price of the Shares rose from the previous closing price to close at S\$9.74 with an aggregate volume of approximately 98.14 million Shares traded.

The Shares have traded in a band between S\$3.73 and S\$9.74 based on the daily closing price over the 3-year period prior to the Latest Practicable 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 Revised TCC Offer Price represents a premium in a range of between 20.9% to 77.2% to these prices.

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Following the Unaffected Share Price Date up to the Latest Practicable Date, the Shares have traded in a band between S\$7.60 and S\$9.74 based on the daily closing price. We note the Revised TCC Offer Price represents a premium/(discount) in a range of between (2.0)% to 25.7% to these prices.

Following the Revised TCC Offer Announcement Date up to the Latest Practicable Date, the Shares have traded in a band between S\$9.58 and S\$9.74 based on the daily closing price. We note the Revised TCC Offer Price represents a discount in a range of between (0.3)% to (2.0)% 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 Revised TCC 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.

8.6 Volume weighted average price analysis

We have analyzed the premium/(discount) implied by the Revised TCC 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 Revised TCC Offer Announcement Date and have tabulated them as follows in Chart 4.

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

Premium/(discount) to VWAP (%)				
Reference period	Oversea-Chinese Banking Corporation Limited/Great Holdings Limited stake Thai Bev Date ¹		Revised TCC Offer Announcement Date ²	
	VWAP (S\$)	Premium/ (Discount) %	VWAP (S\$)	Premium/ (Discount) %
Offer price	9.55		9.55	
1 Market Day before relevant announcement ³	7.90	20.9%	9.58	(0.3)%
1 week before relevant announcement	7.65	24.8%	9.63	(0.8)%
1 month before relevant announcement	7.25	31.7%	9.65	(1.0)%
3 months before relevant announcement	6.88	38.8%	9.34	2.2%
6 months before relevant announcement	6.75	41.5%	8.92	7.0%
12 months before relevant announcement	6.29	51.8%	8.41	13.6%

Source: Company, Bloomberg, FactSet as of the Latest Practicable Date

Note:

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

² As of 18 January 2013

³ Closing price 1 Market Day before the relevant announcements

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We note the following:

- (i) The Revised TCC Offer Price represents a premium of approximately 24.8%, 31.7%, 38.8%, 41.5% and 51.8% 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 Revised TCC Offer Price represents a premium/(discount) of approximately (0.8)%, (1.0)%, 2.2%, 7.0% and 13.6% 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 Revised TCC Offer Announcement Date
- (iii) The Revised TCC Offer Price represents a premium of approximately 20.9% to the last transacted price of S\$7.90 on the Unaffected Share Price Date and represents a discount of approximately (0.3)% to the last transacted price of S\$9.58 one Market Day prior to the Revised TCC Offer Announcement Date
- (iv) The Revised TCC Offer Price represents a discount of approximately (2.0)% to the closing price of the Shares of S\$9.74 as at the Latest Practicable Date
- (v) The implied Revised TCC Offer Price excluding the proceeds of S\$5,591mm from the APB Sale (the “**APBL and APIPL Proceeds**”) would be S\$5.67 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date to the Latest Practicable Date excluding the APBL and APIPL Proceeds would be S\$5.04 per Share. Therefore, the Revised TCC Offer Price excluding the APBL and APIPL Proceeds represents a premium of approximately 12.6% 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 Revised TCC 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.

8.7 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.

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



Source: Company filings, Bloomberg

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

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

We note the following:

- (i) The Revised TCC Offer Price represents a premium of approximately 28.5%, to the median of F&N's trailing 12-month EV/EBITDA multiple of 11.8x from the Unaffected Share Price Date
- (ii) The Revised TCC Offer Price represents a premium of approximately 66.6%, to the median of F&N's trailing 12-month P/E multiple of 17.5x from the Unaffected Share Price Date
- (iii) The Revised TCC Offer Price represents a premium of approximately 39.5%, to the median of F&N's trailing 12-month P/B multiple of 1.3x from the Unaffected Share Price Date
- (iv) The Revised TCC Offer Price represents a discount of approximately (36.6)% to the median of F&N's trailing 12-month EV/EBITDA multiple of 21.8x from the Unaffected Share Price Date to the Latest Practicable Date
- (v) The Revised TCC Offer Price represents a discount of approximately (27.1)% to the median of F&N's trailing 12-month P/E multiple of 40.0x from the Unaffected Share Price Date to the Latest Practicable Date

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- (vi) The Revised TCC Offer Price represents a premium of approximately 4.0% to the median of F&N's trailing 12-month P/B multiple of 1.7x from the Unaffected Share Price Date to the Latest Practicable Date

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.

8.8 Precedent general offer analysis

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

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

Precedent general offer-transactions in Singapore (2007 – 2013 year-to-date)							
Ann date	Target	Acquirer	Closing 1 day	Premium/(discount) to pre- announcement share price			
				VWAP			
				1-month	3-month	6-month	
05-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%	
07-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%	
01-Aug-11	C & O Pharmaceutical Technology (Holdings) Ltd	Shinogi & Co Ltd	11% ⁷	32% ⁸	39% ⁸	32% ⁸	
01-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%	
08-Jan-08	Ascott Group ⁷	CapitaLand	43%	42%	19%	N/A	
07-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%	

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Ann date	Target	Acquirer	Premium/(discount) to pre-announcement share price			
			Closing 1 day	VWAP		
				1-month	3-month	6-month
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%
18-Jan-13	F&N	TCC Assets Ltd (Unaffected Share Price Date ²²)	21%	32%	39%	41%
		TCC Assets Ltd (prior to Revised TCC Offer Announcement Date ²⁵)	(0.3)%	(1)%	2%	7%

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

Note:

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 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. 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

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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

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

²⁵ Time reference in calculating the premia is 18 January 2013, the last trading day prior to the Revised TCC Offer Announcement Date on 18 January 2013 on which the shares of F&N were traded on the SGX-ST. On 18 January 2013, TCC's Financial Advisers announced, for and on behalf of TCC Assets, that TCC Assets had revised the TCC Offer Price to S\$9.55 per TCC Offer Share

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

- (i) A premium of approximately 21% to the closing price of the Shares on the Unaffected Share Price Date and a discount of approximately (0.3)% to the closing price of the Shares on the Revised TCC 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 32% to the 1-month VWAP of the Shares prior to the Unaffected Share Price Date and a discount of approximately (1)% to the 1-month VWAP of the Shares prior to the Revised TCC 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 39% 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 Revised TCC Offer Announcement Date. This compares to the median premium of 30% to the 3-month VWAP for the selected transactions
- (iv) A premium of approximately 41% 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 Revised TCC Offer Announcement Date. This compares to a median premium of 39% to the 6-month VWAP for the selected transactions.

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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 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.

8.9 Precedent research estimates analysis

We have reviewed certain research reports by stock brokers in relation to the Shares and/or the Revised TCC 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			Revised TCC Offer Announcement Date ²			Latest Practicable Date ³		
	Date (2012)	Rating	Target price (\$\$)	Date ⁴	Rating	Target price (\$\$)	Date ⁴	Rating	Target price (\$\$)
Nomura	16-Jul	Neutral	8.08	16-Jan	Buy	10.48	21-Jan	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	15-Jan	Hold	8.95	15-Jan	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	16-Nov	Buy	8.93	16-Nov	Buy	8.93
Mean			7.40			9.44			9.44

Source: Bloomberg

Note:

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

³ Excludes Deutsche Bank, EVA Dimensions, Goldman Sachs and HSBC as target price was not available

⁴ Dates represent 2012, except for Nomura and BNP Paribas which represent 2013

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Based on the above, we note that:

- (i) The Revised TCC Offer Price represents a premium of 29.0% to the average price target estimates by brokers as of the Unaffected Share Price Date
- (ii) The TCC Revised TCC Offer Price represents a premium of 1.2% to the average price target estimates by brokers as of the Revised TCC Offer Announcement Date
- (iii) The Revised TCC Offer Price represents a premium of 1.2% to the average price target estimates by brokers as of the Latest Practicable Date

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.

8.10 Sum-of-the-parts valuation

F&N Group has three distinct core businesses comprising:

- Properties
- F&B Division
- 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 8.10.1 to Section 8.10.3 of this letter. We set out below a summary of our sum-of-the-parts valuation of the F&N Group.

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

Summary of Sum-of-the-parts valuation		
	Lower (S\$m)	Upper (S\$m)
Properties (the “ Properties Business ”)	4,581	7,078
F&B business (the “ F&B Business ”)	1,926	3,847
APBL and APIPL proceeds (the “ APBL and APIPL Proceeds ”)	5,591	5,591
Printing and publishing	269	325
Total valuation	12,367	16,842
Estimated valuation for each Share (S\$)¹	8.58	11.68

Note:

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

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

We note that the implied Revised TCC Offer Price excluding the APBL and APIPL Proceeds would be S\$5.67 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\$7.80 per Share. Therefore, we note that the Revised TCC 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.

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 8.10.1 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.

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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 Latest Practicable 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.

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 Revised TCC Offer Price in view of its various drawbacks and limitations and they should also consider the analyses in the other sections of this letter.

8.10.1 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.

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The property arm of F&N Group, Frasers Centrepoint Limited (“FCL”), has total property assets of approximately \$8.5bn¹, including real estate development projects in Singapore, China, Thailand, UK, Australia and New Zealand, as well as 13 retail malls², 8 office buildings, two business parks 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 cities³.

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 	<ul style="list-style-type: none"> ■ Chengdu

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

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\$5,542mm as of 30 September 2012, which reflects an adjustment for shareholders’ loan in the amount of S\$620mm 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\$7,078mm⁴
- (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\$4,581mm to S\$5,368mm
- (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\$5,321mm to S\$5,663mm

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 properties in the pipeline

⁴ In our calculation of RNAV, we have relied on the book values as of 30 September 2012, development net revaluation surplus as of the Latest Practicable Date as provided by the Company, as well as market capitalization and unit holding information as of the Latest Practicable Date

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In arriving at the valuation of the Properties Business we have used a range of values between S\$4,581mm and S\$7,078mm 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\$5,542mm, which reflects an adjustment for shareholder’s loan in the amount of S\$620mm from F&N Group to FCL as of 30 September 2012.

(ii) Revalued Net Asset Value (“RNAV”) of properties segment

In connection with the Revised TCC 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 Offeree Circular on the TCC Offer dated 11 October 2012.

A summary of the revaluation approach adopted is as follows:

Type	Methodology
Development properties	
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"> ■ Singapore properties—the Company has valued the majority of these properties on the basis of existing carrying value ■ Overseas properties—the Independent Valuers have valued the majority of these properties by assuming development and completion in accordance with the latest development proposal
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"> ■ The contracted units based on actual transacted selling prices and associated estimated development costs; and ■ The uncontracted units based on management estimates of selling prices and associated development costs.
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

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Type	Methodology
Investment properties	
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 ■ 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	
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 Latest Practicable Date
Asset Management business	
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 the 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.

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
<ul style="list-style-type: none"> ■ Net revaluation surplus from development properties after-tax ■ Net revaluation surplus from investment properties after-tax ■ Excess of market value of listed entities over book value² ■ Excess of estimated market value of asset management business over book value³ 	764 58 114 600
Total adjustment to book value	1,536
RNAV	7,078

Note:

¹ Book value adjusted for shareholder's loan in the amount of S\$620mm from F&N to FCL as of 30 September 2012

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² Based on market capitalisation of FCT and FCOT as of the Latest Practicable Date (adjusted for ownership stake in FCT and FCOT of 41.0% and 27.6% respectively) of S\$678mm and S\$243mm 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 20.5x 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.

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

Development properties overview			
Asset list	Attributable after-tax net surplus (S\$mm)	Asset list	Attributable after-tax net surplus (S\$mm)
Singapore		Australia	
Seastrand	21.6	Properties under development	
Boathouse	34.3	Lumiere Residence	–
Flamingo Valley	75.9	Trio/Alexandra, City	–
Esparina Residences	51.1	Lorne Killara/Habitat	–
Soliel @ Sinaran	5.6	Putney Hill Stage 1	27.6
8 Courtyards	26.2	Queens Riverside (QI,II,III)	23.6
Waterfront Isles	67.7	One Central Park	53.2
Waterfront Gold	33.1	Park Lane	7.4
Waterfront Key	–	The Mark	9.3
Caspian	–	Properties yet to be developed	
8@Woodleigh	–	Fraser/Sekisui House	–
Holland Park C2D1	–	(Central Park)	–
Palm Isle	50.2	Non JV Landbank	–
Twin Waterfall	77.6	(Central Park)	–
ECO	67.1	Killara Pavillions	–
Tampines Ave 10	25.4	(pending approval)	–
WaterTown (Resi component)	18.0	Parramatta River Morton	–
Woodlands EC	–	Putney Hill (Remaining P)	–
Starhub Centre	8.8	(launched)	–
Sub total	562.5	Frasers Landing Mandurah	–
		Sub total	121.1

China	Attributable after-tax net surplus (S\$mm)
Residential under development	
Baitang One (1a)	36.9 ¹
Baitang One (1b)	
Residential yet to be developed	
Baitang (P2)	
Baitang (P3-4)	0.3
Shanshui 4 Seasons (P2-5)	38.8
Office/Business Park	
Chengdu Logistic Park (P2-4)	4.6
Sub total	80.6

Note;

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

The management of the Company has represented to us that the government measures issued on 11 January 2013 to cool property prices in Singapore are not likely to have a significant impact on FCL's development properties.

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

Investment properties overview			
Asset list	Attributable after-tax net surplus (S\$m)	Asset list (hospitality)	Attributable after-tax net surplus (S\$m)
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 Queens Gate	–
Crosspoint, Beijing	18.5 ¹	Fraser Suites Edinburgh	–
Me Linh Point	–	Fraser Suites Glasgow	–
Changi Business Park	–	Fraser Suites Kensington	–
Sub total	43.9	Fraser Place Melbourne	–
		Capri Singapore	13.9 ¹
		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:

Company name	Description	Market cap ¹ (S\$m)
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 	1,826
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 	1,302
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 	38

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 Latest Practicable Date multiplied by total ordinary shares outstanding as per the latest company filings

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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 Latest Practicable Date.

Chart 9 – Asset management trading comparables

Asset management trading comparables					
Company	Local currency (LC)	Price (LC)	Market cap (\$mm) ¹	AUM/FUM (\$mm) ²	LTM P/E ³
Cohen & Steers ⁴	USD	31.63	1,826	55.1	24.6x
ARA ⁵	SGD	1.69	1,302	21.5	20.5x
APN ⁶	AUD	0.18	38	2.7	7.9x
Mean					17.7x
Median					20.5x

Source: FactSet as of market close on Latest Practicable Date and company filings

Note:

¹ Market capitalisation calculated based on share price from FactSet as of Latest Practicable Date multiplied by total ordinary shares outstanding from the latest company filings

² AUM means assets under management and FUM means 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

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.

\$mm unless otherwise specified	LTM P/E
Cohen & Steers	24.6x
ARA	20.5x
APN	7.9x
Maximum	24.6x
Minimum	7.9x
Median	20.5x
Asset management segment LTM net income (\$mm)	34.1
Implied valuation of asset management segment based on the median valuation ratio (\$mm)	700

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 Latest Practicable 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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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 Latest Practicable 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 Latest Practicable 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
- 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 Latest Practicable 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 Offeree Circular on the TCC Offer.

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
- 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 Latest Practicable Date
- 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 Latest Practicable 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 Latest Practicable 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

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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.

Valuation ratios of listed comparable companies		
Company name	Description	Market cap ¹ (S\$m)
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 	16,577
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 	10,707
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 	6,177
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 	4,700
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 	3,900
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 	2,493

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Company name	Description	Market cap ¹ (S\$m)
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) 	2,552
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 	2,285
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 	1,469

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 Latest Practicable 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 Latest Practicable Date.

Chart 10 – Property Companies trading comparables

Property Companies trading comparables							
Company name	Share price (S\$)	Mkt cap. (S\$m) ¹	52 week high (S\$)	% 52 week high	P/B ²	LTM P/E ³	P/RNAV ⁴
CapitaLand ⁵	3.90	16,577	3.96	98.5%	1.11x	25.2x	0.77x
CDL ⁶	11.22	10,707	13.24	84.7%	1.54x	17.3x	0.96x
Keppel Land ⁷	4.00	6,177	4.32	92.6%	1.10x	10.8x	0.75x
UOL ⁸	6.11	4,700	6.26	97.6%	0.83x	13.6x	0.78x
UIC ⁹	2.83	3,900	3.00	94.3%	0.87x	23.3x	1.28x
OUE ¹⁰	2.74	2,493	3.04	90.1%	0.80x	32.7x	0.68x
Wheelock ¹¹	1.91	2,285	2.12	90.1%	0.75x	17.2x	0.72x
GuocoLand ¹²	2.30	2,552	2.49	92.4%	1.08x	38.5x	N/A
Wing Tai ¹³	1.85	1,469	2.08	88.9%	0.64x	5.3x	0.59x
Mean					0.90¹⁴	20.4x	0.82x
Median					0.85¹⁴	17.3x	0.76x

Relevant metrics	LTM financials (S\$m) ¹⁵		
	Book NAV	Net income	RNAV
Relevant metrics	5,542	264 ¹⁶	7,078
Implied equity value	4,729	4,581	5,368

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

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Note:

¹ Market capitalisation calculated based on share price from FactSet as of the Latest Practicable 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

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 Revised TCC 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 Latest Practicable 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\$4,581mm to S\$5,368mm.

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(iv) Precedent transactions analysis

We have reviewed selected transactions between 1 January 2005 and the Latest Practicable 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\$100mm. 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:

Chart 11 – Selected Real Estate Precedent Transactions

Target	Date of announcement	Stake acquired	Description (at time of acquisition)
SC Global Developments (“ SC Global ”)	05-Dec-12	N/A	<ul style="list-style-type: none"> ■ 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, Thr3e 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 (“ Allgreen Properties ”)	23-May-11	44.3%	<ul style="list-style-type: none"> ■ Allgreen Properties 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 hotels. 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 (“ MCL Land ”)	26-Aug-10	22.6%	<ul style="list-style-type: none"> ■ MCL Land is engaged in property investment and development by the company. The company’s business operation is located in Singapore and Malaysia. MCL Land was founded in 1963 and is headquartered in Singapore

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Selected Real Estate Precedent Transactions					
Announcement date	Target	Acquirer	Method	P/RNAV	P/B
05-Dec-12	SC Global ¹	MYK Holdings Pte Ltd	VGO	0.80x ⁴	1.15x ⁵
23-May-11	Allgreen Properties ²	Brookvale Investments Pte Ltd	VGO	0.84x ⁶	0.96x ⁷
29-Aug-10	MCL Land ³	Hongkong Land Holdings	Voluntary delisting	0.75x ⁸	0.90x ⁹
Mean				0.80x	1.00x
Median				0.80x	0.96x

	LTM financials (S\$ mm)	
	P/RNAV	P/B
Relevant metrics	7,078	5,542
Implied equity value	5,663	5,321

Source: Dealogic, relevant offer documents

Note:

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/RNAV based on RNAV per share of S\$2.25

⁵ P/B based on unaudited NAV per share of S\$1.56 as at 30 September 2012

⁶ 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

⁷ 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\$2,569.45mm (adjusted having regard to the dividend declared on 28 April 2011 and paid on 20 May 2011) or approximately S\$1.62 per share

⁸ 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

⁹ 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.

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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\$5,321mm to S\$5,663mm.

8.10.2 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\$5,591mm 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 in Section 8.10.2 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 (S\$mm)		
Company name	Lower	Upper
(A) F&NHB	1,384	1,718
(B) F&N non-beer (others) ("F&B Singapore")	48	956
(B) Vietnam dairy products Joint Stock Company ("Vinamilk")	264	482
(C) MBL	230	691
Total valuation of F&B Business	1,926	3,847
(C) APBL and APIPL proceeds	5,591	5,591
Total valuation of F&B Division	7,517	9,438

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(A) F&NHB

F&N's non-beer business in Malaysia began in 1961 under F&NHB, a 55.94% 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 license 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 the licensed BEAR brand. Other products in the pasteurized segment include juices under the F&N FRUIT TREE FRESH and licensed SUNKIST brand.

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 for the purpose of valuation of F&NHB, we have utilized the following methodology:

(i) Historical share price and trading analysis

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

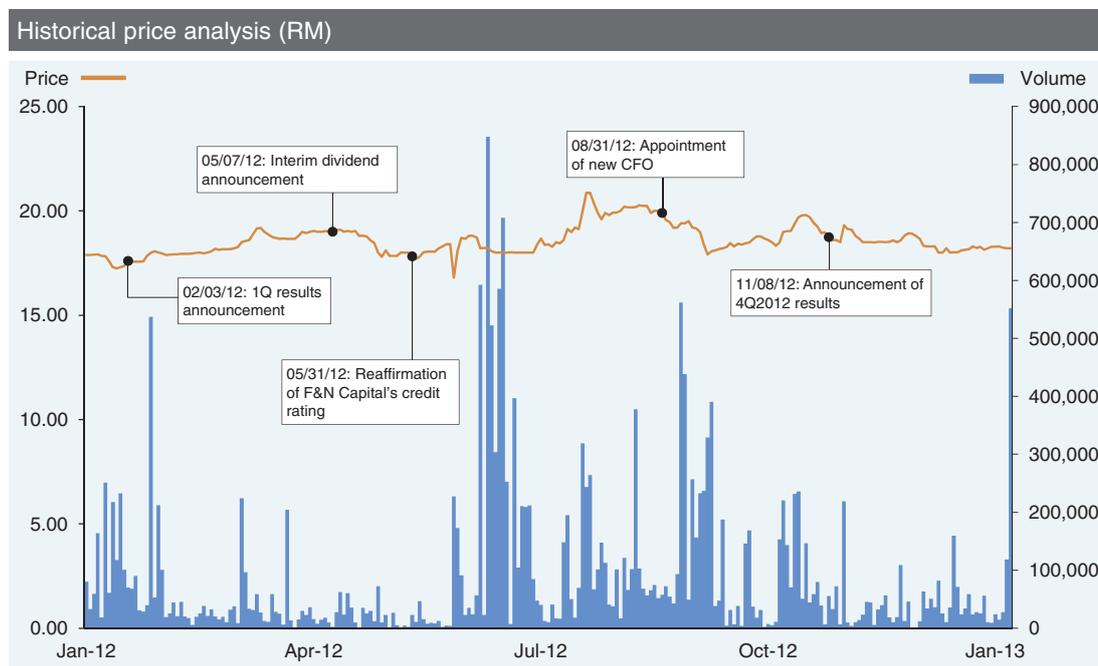
- The closing prices of the F&NHB Shares (as defined below) traded within a range of RM16.80 and RM20.86 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value between S\$1,384mm and S\$1,718mm of the F&N Group's 55.94% stake in F&NHB based on an exchange rate of 1 RM to 0.4048 S\$ as of the Latest Practicable Date
- The market capitalization as of the Latest Practicable Date implies an equity value of the F&N Group's 55.94% stake in F&NHB based on an exchange rate of 1 RM to 0.4048 S\$ as of the Latest Practicable Date of approximately S\$1,499mm

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\$1,384mm and S\$1,718mm.

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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 Latest Practicable Date is set out below.

Chart 13 – F&NHB historical share price analysis



Source: Bloomberg as of the Latest Practicable Date

Note:

- **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 RM1bn 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
- **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 Latest Practicable 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\$1,384mm and S\$1,718mm of the F&N Group's 55.94% stake in F&NHB based on an exchange rate of 1 RM to 0.4048 S\$ as of the Latest Practicable Date.

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The VWAP and trading volume of the F&NHB Shares for the past 1-year leading up to the Latest Practicable 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	7.14	7.97	6.44	99
Last 6 months	7.31	7.76	6.80	87
Last 3 months	7.34	7.73	6.80	100
Last 1 month	7.32	7.61	7.29	260
Last transaction price prior to Unaffected Share Price Date ¹	7.29	7.33	7.29	85
Periods prior to Revised TCC Offer Announcement Date (18 January 2013)				
Last 1 year	7.53	8.44	6.80	85
Last 6 months	7.76	8.44	7.25	83
Last 3 months	7.58	8.01	7.29	55
Last 1 month	7.34	7.41	7.29	44
Last transaction price prior to Revised TCC Offer Announcement Date ¹	7.37	7.38	7.31	119
Periods after Revised TCC Offer Announcement Date				
Between Revised TCC Offer Announcement Date and Latest Practicable Date	7.37	7.37	7.37	335
Latest Practicable Date ¹	7.37	7.41	7.32	552

Source: Bloomberg. VWAPs and share prices converted to S\$ based on RM: S\$ exchange rate from FactSet as of the Latest Practicable 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.

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 Revised TCC 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 Latest Practicable Date, the Company holds a 55.94% shareholding interest in the issued share capital of F&NHB. Accordingly, based on the market capitalization as of the Latest Practicable Date, the implied valuation of the Company’s stake in F&NHB is approximately S\$1,499mm based on an exchange rate of 1 RM to 0.4048 S\$ as of the Latest Practicable Date.

(ii) Past dealings in shares

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

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(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 King’s 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 utilized 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 hereinafter defined), the implied valuation of F&B Singapore will range from approximately S\$80mm to S\$956mm. 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
- Based on the low and high median valuation ranges of EV/Revenue and EV/EBITDA of the Selected F&B Precedent Transactions (as hereinafter defined), the implied valuation of F&B Singapore will range from approximately S\$48mm to S\$598mm. 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\$48mm and S\$956mm.

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(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.

Company name	Description	Mkt. cap ¹ (S\$mm)
Singapore listed		
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 	1,872
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 	1,734
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 US and Europe 	21,417
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 	18,740
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 	5,349
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 	1,352

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Company name	Description	Mkt. cap ¹ (S\$m)
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 	6,728
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 	5,672
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 	4,739
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 	4,494
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. 	1,135

Note:

¹ Market capitalization is calculated based on share price from FactSet as of the Latest Practicable Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the Latest Practicable 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 capitalization, 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 Latest Practicable Date.

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Chart 14 – 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 ³
			(Local currency)	(\$\$mm)		Revenue	EBITDA ³	
Singapore-listed F&B								
Yeo Hiap Seng Ltd. ⁴	S\$	3.3	1,872	1,872	1,757	3.2x	18.3x	27.1x
Super Group Ltd. ⁵	S\$	3.1	1,734	1,734	1,674	3.5x	18.6x	24.1x
Hong Kong-listed F&B								
Want Want China Holdings Ltd. ⁶	HKD	10.2	135,187	21,417	21,096	5.4x	26.1x	38.4x
Tingyi (Cayman Islands) Holding Corp. ⁷	HKD	21.2	118,290	18,740	19,813	1.8x	16.8x	54.4x
Uni-President China Holdings Ltd. ⁸	HKD	9.4	33,763	5,349	5,152	1.4x	21.5x	50.8x
Vitasoy International Holdings Ltd. ⁹	HKD	8.3	8,537	1,352	1,410	2.3x	14.8x	27.9x
Rest of Southeast Asia								
IndoFood Sukses Makmur ¹⁰	IDR	6,000.0	52,682,559	6,728	8,427	1.4x	7.8x	16.5x
Universal Robina Corp. ¹¹	PHP	86.2	187,936	5,672	5,965	2.8x	17.6x	26.0x
Vietnam Dairy Products JSC ¹²	VND	96,500.0	80,435,228	4,739	4,575	3.0x	12.8x	15.7x
Berli Jucker PCL ¹³	THB	68.5	108,787	4,494	5,013	3.4x	23.5x	45.8x
Dutch Lady Milk Industries Bhd ¹⁴	RM	43.8	2,803	1,135	1,042	3.0x	15.6x	23.6x
Average						2.8x	17.6x	31.8x
Median						3.0x	17.6x	27.1x

Relevant metrics	LTM financials (\$\$mm) ¹⁵		
	Revenue	EBITDA	Net income
Implied equity value (100% ownership)	956	80	N/M

Note:

¹ Market capitalization is calculated based on share price from FactSet as of the Latest Practicable Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the Latest Practicable Date

² Enterprise value has been calculated as market capitalization + 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 net fair value gains on investment properties, gain/loss on disposal of Property, Plant and Equipment (“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

⁵ 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, 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

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

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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 September 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 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; 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, realized 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 recognized/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\$42mm as per management guidance

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 Latest Practicable 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\$80mm to S\$956mm. 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.

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(ii) Precedent transaction analysis

We have reviewed selected transactions completed between 1 January 2005 and the Latest Practicable Date, involving the acquisitions of equity interests in companies that operate in the food and beverage space in the 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\$100mm. 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 Revised TCC 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 (“ Cerebos ”)	01-Aug-12	17.4%	Cerebos 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
Alaska Milk Corporation (“ Alaska Milk ”)	09-Mar-12	60.5%	Alaska Milk 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 (“ Permanis ”)	21-Jul-11	100.0%	Permanis 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 (“ Hsu Fu Chi ”)	11-Jul-11	60.0%	Hsu Fu Chi, 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

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Chart 15 – 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		
						Revenue	EBITDA ²	LTM P/E ²
01-Aug-12	Suntory ³	Cerebos	17.4%	365	2,042	2.1x	12.0x	24.1x
09-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	N/M

Note:

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 the 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 Bhd's 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\$42mm as per management guidance

As at the Latest Practicable 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.

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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\$48mm to S\$598mm. 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 9.53% 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 utilized the following methodology:

(i) **Share price and trading activity**

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

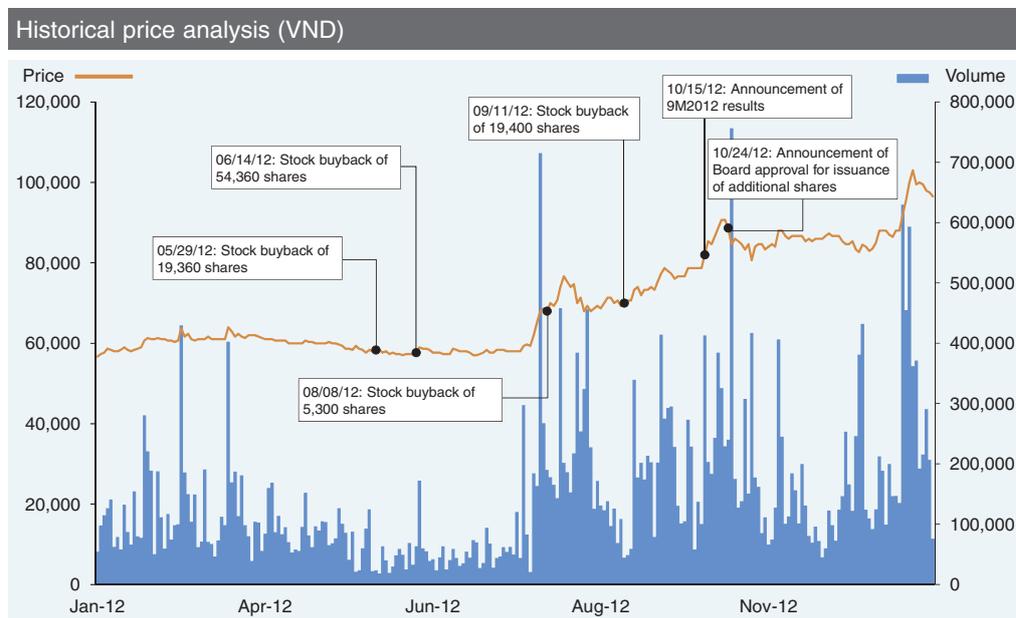
- The closing prices of the shares of Vinamilk traded within a range of VND56,333 and VND103,000 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between S\$264mm and S\$482mm in respect of F&B Singapore's 9.53% stake in Vinamilk (based on an exchange rate of 1 VND to 0.0000589 S\$ as of the Latest Practicable Date)
- The market capitalization as of the Latest Practicable Date implies a valuation of F&B Singapore's 9.53% stake in Vinamilk of approximately S\$452mm (based on an exchange rate of 1 VND to 0.0000589 S\$ as of the Latest Practicable 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\$264mm and S\$482mm.

(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 Latest Practicable Date is set out below.

Chart 16 – Vinamilk historical price analysis



Source: Bloomberg as of the Latest Practicable Date

Note:

- **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
- **24 October 2012: Announcement of Board approval for issuance of additional shares**
 - Vinamilk announced the Board’s approval for the issuance of additional shares with an exercise ratio of 2:1 and a maximum issue volume of 278,057,377 shares. The distributed shares would be rounded down and fractional shares would be cancelled

Based on the above historical price analysis, we note that over the trailing twelve months prior to the Latest Practicable Date, the closing prices of the Vinamilk Shares traded within a range of VND56,333 and VND103,000 which imply an equity value of between S\$264mm and S\$482mm in respect of the F&N Group’s 9.53% stake in Vinamilk (based on 1 VND to 0.0000589 S\$ as of the Latest Practicable Date).

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(ii) VWAP

The VWAP and trading volume of the Vinamilk Shares from the last one year up to the Latest Practicable 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	3.46	3.77	2.96	84
Last 6 months	3.54	3.77	3.32	92
Last 3 months	3.47	3.57	3.36	63
Last 1 month	3.41	3.46	3.36	49
Last transaction price prior to Unaffected Share Price Date ¹	3.40	3.44	3.40	68
Periods prior to Revised TCC Offer Announcement Date (18 January 2013)				
Last 1 year	4.40	6.07	3.32	145
Last 6 months	4.76	6.07	3.42	196
Last 3 months	5.23	6.07	4.75	207
Last 1 month	5.45	6.07	4.87	260
Last transaction price prior to Revised TCC Offer Announcement Date ¹	5.74	5.77	5.69	207
Periods after Revised TCC Offer Announcement Date				
Between Revised TCC Offer Announcement Date and Latest Practicable Date	5.73	5.74	5.69	141
Latest Practicable Date ¹	5.72	5.80	5.69	76

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

Note:

¹ Refers to last closing price

As at the Latest Practicable Date, the Company holds a 9.53% shareholding interest in the issued share capital of Vinamilk. Accordingly, based on the market capitalization as of the Latest Practicable Date, the implied valuation of the F&N Group's stake in Vinamilk is approximately S\$452mm based on an exchange rate of 1 VND to 0.0000589 S\$ as of the Latest Practicable 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 Revised TCC 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 that there has been no significant change in F&N Group's shareholding in Vinamilk

(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\$5,591mm 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\$5,591mm 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\$100mm. 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 utilized 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 Breweries Companies (as defined below), the implied valuation of MBL will range from approximately S\$230mm to S\$691mm
- Based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E ratio of the Selected Breweries Precedent Transactions (as defined below), the implied valuation of MBL will range from approximately S\$430mm to S\$475mm

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\$230mm and S\$691mm.

(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**")

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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	Mkt. cap ¹ (\$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 	11,048
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 beers 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. 	2,022
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 	1,509
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 	10,425
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 	9,384
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 	2,913

Note:

¹ Market capitalization is calculated based on share price from FactSet as of the Latest Practicable Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the Latest Practicable Date

We wish to highlight that the Breweries Companies are not exhaustive and they may differ from MBL in terms of, *inter alia*, market capitalization, 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 Latest Practicable Date.

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Asia breweries companies trading comparable analysis

Chart 17 – Selected Asia Breweries Companies trading comparables

Selected Asia breweries companies trading comparables								
Company	Local currency	Stock price (local currency)	Market cap. ¹		Enterprise value ² (\$mm)	Enterprise value/LTM		LTM P/E ³
			(Local currency)	(\$mm)		Revenue	EBITDA ³	
Southeast Asia Breweries								
Thai Beverage PCL ⁴	S\$	0.4	11,048	11,048	11,803	1.8x	9.9x	15.2x
Guinness Anchor Bhd ⁵	RM	16.5	4,997	2,022	2,039	3.2x	16.2x	24.4x
Carlsberg Brewery Malaysia Bhd ⁶	RM	12.1	3,728	1,509	1,495	2.3x	14.4x	20.1x
China Breweries								
China Resources Enterprise Ltd. ⁷	HKD	27.4	65,805	10,425	12,097	0.6x	9.9x	32.3x
Tsingtao Brewery Co. Ltd ⁸	HKD	43.8	59,232	9,384	8,065	1.7x	14.3x	31.0x
Beijing Yanjing Brewery Co. Ltd. ⁹	RMB	5.9	14,757	2,913	3,582	1.4x	10.0x	24.2x
Average						1.8x	12.4x	24.5x
Median						1.7x	12.1x	24.3x
						LTM financials (\$mm) ¹⁰		
						Revenue	EBITDA	Net income
Relevant metrics						207	66	52
Implied equity value (100% ownership)						419	869	1,257
Implied equity value (55.0% ownership)						230	478	691

Note:

¹ Market capitalization is calculated based on share price from FactSet as of the Latest Practicable Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of the Latest Practicable Date

² Enterprise value has been calculated as market capitalization + 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. 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

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 realized loss on foreign exchange and net unrealized 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, realized foreign exchange gain/loss, and unrealized 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 recognized 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 recognized; 16.5% applicable Hong Kong profits tax rate applied to net income adjustments

⁸ Market capitalization for Tsingtao Brewery Co. Ltd 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

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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\$62mm as per management guidance

As at the Latest Practicable 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\$230mm to S\$691mm.

(ii) Precedent transaction analysis

We have reviewed selected transactions completed between 1 January 2005 and the Latest Practicable 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\$100mm. 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 Revised TCC 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 (“ APB ”)	18-Aug-12	39.7%	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 (“ Grupo Schincariol ”)	02-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 (“ Multi Bintang ”)	07-Dec-09	80.6%	Multi Bintang 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 (“ San Miguel ”)	20-Feb-09	48.4%	San Miguel 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. ("Fujian")	23-Jan-06	100.0%	Fujian operates as a brewery company in China. It offers pure draft beer and ice beer predominantly under the Sedrin brand name
Bavaria S.A. ("Bavaria")	19-Jul-05	71.8%	Bavaria 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, Costeñita, 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 18 – 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 ²
						Revenue	EBITDA ²	
18-Aug-12	Heineken ³	APB	39.7%	5,428	13,897	4.2x	16.9x	35.0x
02-Aug-11	Kirin ⁴	Grupo Schincariol	50.5%	3,040	6,659	2.9x	15.7x	N/A
07-Dec-09	APB ⁵	Multi Bintang	80.6%	405	468	2.1x	6.1x	10.6x
20-Feb-09	Kirin ⁶	San Miguel	48.4%	2,099	4,145	2.7x	7.5x	13.2x
23-Jan-06	InBev ⁷	Fujian	100.0%	1,222	1,222	4.5x	12.8x	N/A
19-Jul-05	SABMiller ⁸	Bavaria	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

Note:

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\$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\$163mm consideration for other assets held by APIPL. Financial information reflects data for the LTM ended 30 June 2012 for APB. 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 Grupo Schincariol 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 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

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⁶ Enterprise value is based on offer price of PHP8.841 per share for 48.4% of San Miguel. 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\$430mm to S\$475mm.

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 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.

8.10.3 Printing and Publishing ("P&P")

F&N established its third business in publishing, printing, retail and distribution through the privatization 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 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 8.10.3 of this letter. We set out below a summary of our sum-of-the-parts valuation for P&P.

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Chart 19 – P&P summary of sum-of-the-parts valuation

P&P summary of sum-of-the-parts valuation (S\$m)		
	Lower	Upper
TPL (excluding PMP and Fung Choi)	240	263
PMP	7	31
Fung Choi	22	31
Total valuation of P&P	269	325

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

TPL 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
- 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\$240mm to S\$263mm

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\$240mm and S\$263mm.

(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

1. Last 12-month enterprise value to sales revenue (LTM EV/Sales)
2. 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\$m)
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	5,366

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Company name	Description	Market cap. ¹ (S\$m)
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	2,049
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	486
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	19,249
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	3,035
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	1,167
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	2,150
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	1,283
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	207
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	197
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	59
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	342
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	62

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

Note:

¹ Market capitalization and exchange rates as of the Latest Practicable 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 capitalization, 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 Latest Practicable Date.

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

Chart 20 – 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	25.75	5,366	4,346	98.2%	0.3x	4.5x	10.0x
Sanoma Oyj ⁵	EUR	7.70	2,049	4,704	65.8%	1.2x	5.3x	9.5x
Arnoldo Mondadori Editore S.p.A. ⁶	EUR	1.28	486	924	80.0%	0.4x	7.0x	13.0x
Academic publishing								
Pearson PLC ⁷	GBP	12.02	19,249	21,388	92.3%	1.8x	10.8x	14.5x
John Wiley & Sons Inc. ⁸	USD	40.19	3,035	3,783	77.3%	1.8x	8.8x	12.5x
Scholastic Corp.	USD	29.04	1,167	1,104	72.3%	0.4x	4.4x	11.7x
Printing								
R.R. Donnelley & Sons Co. ⁹	USD	9.51	2,150	6,305	66.4%	0.5x	4.1x	5.1x
Quad/Graphics Inc. ¹⁰	USD	21.76	1,283	2,765	99.4%	0.5x	3.9x	13.1x
Cenveo Inc. ¹¹	USD	2.57	207	1,689	49.0%	0.8x	6.7x	NM
Hung Hing Printing Group Ltd. ¹²	HKD	1.36	197	192	80.0%	0.4x	6.3x	25.2x
PMP Ltd. ¹³	AUD	0.14	59	253	21.5%	0.2x	2.6x	5.4x
New Island Printing Holdings Ltd. ¹⁴	HKD	0.81	342	333	76.4%	3.3x	NM	NM
Xpress Holdings Ltd. ¹⁵	SGD	0.04	62	59	47.6%	1.7x	7.0x	NM
Mean						1.0x	5.9x	12.0x
Median						0.5x	5.8x	12.1x
						LTM financials (\$mm) ¹⁶		
						Sales	EBITDA	Net income
Relevant metrics						383	39	NM ¹⁸
Implied equity value						240¹⁷	263¹⁷	NM

Source: FactSet as of market close on the Latest Practicable Date

Note:

¹ Market capitalisation is based on diluted number of shares outstanding

² Adjusted for minority interest and unconsolidated investments

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

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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 TPLs net cash position of S\$34mm for the period ended 30 September 2012

¹⁸ Negative last 12-month net income as of 30 September 2012

As at the Latest Practicable 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\$240mm to S\$263mm.

(b) PMP Limited ("PMP")

PMP 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:

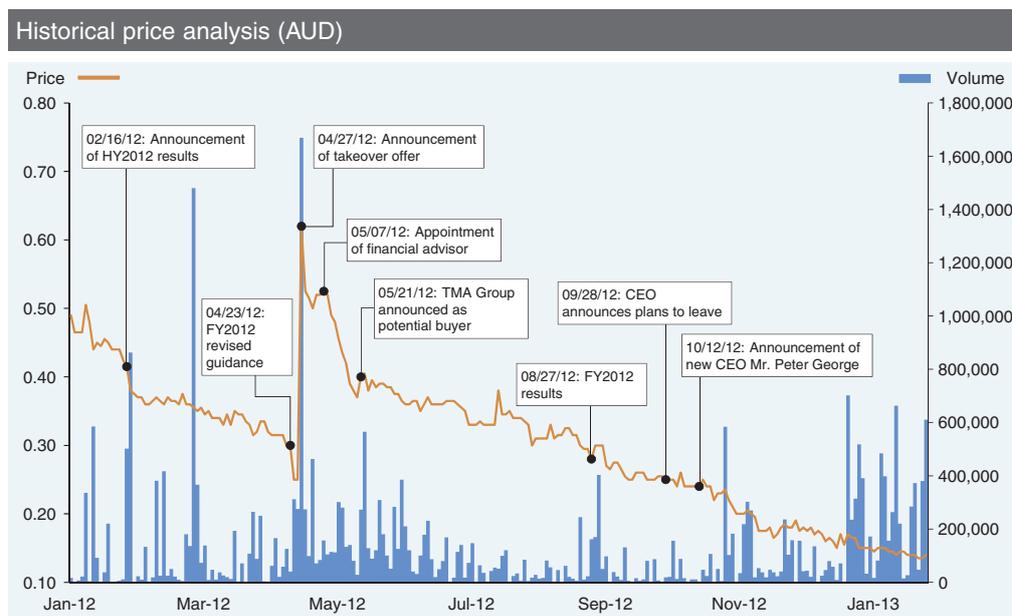
- The closing prices of the shares of PMP traded within a range of AUD0.14 and AUD0.62 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value between S\$7mm and S\$31mm of the F&N Group's 12.05% stake in PMP based on an exchange rate of 1 AUD to 0.77499 S\$ as of the Latest Practicable Date
- The market capitalization as of the Latest Practicable Date implies a valuation of the F&N Group's 12.05% stake in PMP at approximately S\$7mm (based on an exchange rate of 1 AUD to 0.77499 S\$ as of the Latest Practicable 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\$7mm and S\$31mm.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

(i) Share price and trading activity

Chart 21 – PMP historical share price analysis



Source: Bloomberg as of the Latest Practicable Date

Note:

■ 16 February 2012: Announcement of half year 2012 results

PMP announced earnings before interest and tax (EBIT) and before significant items, of \$23.1mm—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 \$30mm to \$33mm and net debt would likely be in the vicinity of \$150mm to \$155mm

■ 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

■ 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 \$32.7mm. This result represented a reduction of 42.3% on the corresponding period last year. The net loss after tax and significant items was \$24.5mm compared to a loss of \$11.3mm 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

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(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 Latest Practicable 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 (16 July 2012)				
Last 1 year	0.67	0.97	0.32	194
Last 6 months	0.53	0.80	0.32	137
Last 3 months	0.55	0.80	0.32	154
Last 1 month	0.45	0.49	0.43	56
Last transaction price prior to unaffected share price date ¹	0.49	0.49	0.47	51
Periods prior to Revised TCC Offer Announcement Date (18 January 2013)				
Last 1 year	0.42	0.80	0.17	114
Last 6 months	0.25	0.45	0.17	90
Last 3 months	0.22	0.30	0.17	140
Last 1 month	0.19	0.21	0.17	241
Last transaction price prior to Revised TCC Offer Announcement Date ¹	0.17	0.18	0.17	380
Periods after Revised TCC Offer Announcement Date				
Between Revised TCC Offer Announcement and Latest Practicable Date	0.18	0.18	0.17	495
Latest Practicable Date ¹	0.19	0.19	0.17	611

Source: Bloomberg. VWAPs and share prices converted to S\$ based on AUD: S\$ exchange rate from FactSet on Latest Practicable 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 Revised TCC 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.

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(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. The advertising business owns the advertising rights to a portfolio of magazines widely distributed over major provinces and municipal cities across the PRC.

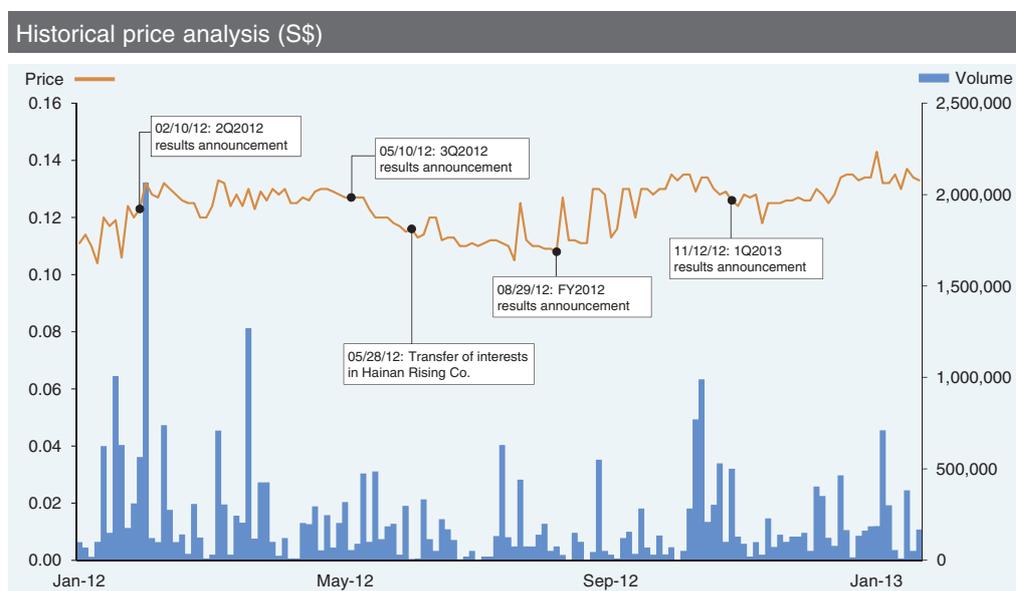
We note the following key considerations in reference to the valuation of the Fung Choi business:

- The closing prices of the shares of Fung Choi traded within a range of S\$0.104 and S\$0.143 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between S\$22mm and S\$31mm in respect of the F&N Group’s 29.48% stake in Fung Choi
- The market capitalisation as of the Latest Practicable Date implies valuation of the F&N Group’s 29.48% stake in Fung Choi of approximately S\$28mm

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\$22mm and S\$31mm.

(i) Historical share price and trading activity

Chart 22 – Fung Choi historical share price analysis



Source: Bloomberg as of the Latest Practicable Date

Note:

- **10 February 2012: 2Q2012 Results**
Fung Choi released second quarter financial statements for the three months ended 31 December 2011
- **10 May 2012: 3Q2012 Results**
Fung Choi released third quarter financial statements for the three months ended 31 March 2012
- **28 May 2012: Transfer of interests in Hainan Rising Co.**
Fung Choi’s Board of Directors announced that Fung Choi’s subsidiary, Rising Display Producers (Zhongshan) Co., entered into an equity transfer agreement with another subsidiary of Fung Choi, pursuant to which Rising Display Producers (Zhongshan) Co. agreed to erase its 100% equity interest in Hainan Rising Commercial Retail Planning Services Co. Ltd. to Lianya Rising for a consideration of HKD11.8mm

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- **29 August 2012: FY2012 Results**

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

- **12 November 2012: 1Q2013 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 Latest Practicable 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 (16 July 2012)				
Last 1 year	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 Revised TCC Offer Announcement Date (18 January 2013)				
Last 1 year	0.13	0.14	0.10	119
Last 6 months	0.13	0.14	0.11	102
Last 3 months	0.13	0.14	0.12	138
Last 1 month	0.13	0.14	0.13	177
Last transaction price prior to Revised TCC Offer Announcement Date ¹	0.13	0.13	0.13	167
Periods after Revised TCC Offer Announcement Date				
Between Revised TCC Offer Announcement Date and Latest Practicable Date	0.13	0.13	0.13	167
Latest Practicable Date ¹	0.13	0.13	0.13	167

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
- 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

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- 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 Revised TCC 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.

9. Other considerations

- **Lapse of OUE Offer**

As set out in the OUE Close of Offer Announcement by Credit Suisse (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd. and CIMB Bank Berhad, Singapore Branch, for and on behalf of OUE Baytown, the OUE Offer had lapsed as at 5.30 p.m. (Singapore time) on 21 January 2013.

- **Alternative offer from third parties**

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

Based on the OUE Offer Document, we note that in consideration of OUE Baytown making the OUE Offer at not less than the OUE Offer Price, the Company has agreed to pay to OUE Baytown a fee (the "**Break Fee**") equal to the fees 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 the reduction mechanism described in Section 7.3 of the OUE Offer Document. Based on the OUE Offer Document, we further note that 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 OUE Offer Announcement Date or such longer period that the SIC may allow the OUE Offer to continue. The Break Fee is also subject to other conditions as set out in Section 7 of the OUE Offer Document.

- **Compulsory acquisition**

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 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 TCC Offer and excluding any Shares held by the Company as treasury shares), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Revised TCC Offer at a price equal to the Revised TCC Offer Price.

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

As stated in the TCC 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 the Company on the Mainboard of the SGX-ST. However, in the event that the Company does not meet the minimum public float required under the Listing Manual at the close of the Revised TCC Offer, the Offeror reserves its right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in the preceding two paragraphs depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

■ **Control of the Company**

In the event that the Revised TCC 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.

Shareholders should also note that the increase in the Offeror's shareholding in the Company may reduce the liquidity of the Shares in the market which may in turn have a negative impact on the Share price.

■ **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.

10. **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 Revised TCC Offer Price. However, the liquidity of the Shares may be impacted following the close of the Revised TCC Offer depending on, amongst other things, the number of Shares tendered into the Revised TCC 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 Revised TCC Offer Price represents a premium in a range of between 20.9% to 77.2% to these prices

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- c) Following the Unaffected Share Price Date up to the Latest Practicable Date, the Shares have traded between S\$7.60 and S\$9.74 based on the daily closing price, i.e. where the Revised TCC Offer Price represents a range between a discount of (2.0)% to a premium of 25.7% to these prices
- d) Based on our comparison of the Revised TCC Offer Price against the Company's volume-weighted average prices over the various timeframes, we have assessed:
- i. The Revised TCC Offer Price represents a premium of approximately 24.8%, 31.7%, 38.8%, 41.5% and 51.8% 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 Revised TCC Offer Price represents a premium/(discount) of approximately (0.8)%, (1.0)%, 2.2%, 7.0% and 13.6% 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 Revised TCC Offer Announcement Date
 - iii. The Revised TCC Offer Price represents a premium of approximately 20.9% to the last transacted price of S\$7.90 on the Unaffected Share Price Date and represents a discount of approximately (0.3)% to the last transacted price of S\$9.58 one Market Day prior to the Revised TCC Offer Announcement Date
 - iv. The Revised TCC Offer Price represents a discount of approximately (2.0)% to the closing price of the Shares of S\$9.74 as at the Latest Practicable Date
 - v. The implied Revised TCC Offer Price excluding the APBL and APIPL Proceeds would be S\$5.67 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date to the Latest Practicable Date excluding the APBL and APIPL Proceeds would be S\$5.04 per Share. Therefore, the Revised TCC Offer Price excluding the APBL and APIPL Proceeds represents a premium of approximately 12.6% during this period
- e) The valuation multiples implied by the Revised TCC Offer Price as compared with the historical trading levels of the Company are as follows:
- i. The Revised TCC Offer Price represents a premium of approximately 28.5%, to the median of F&N's trailing 12 month EV/EBITDA multiple of 11.8x from the Unaffected Share Price Date
 - ii. The Revised TCC Offer Price represents a premium of approximately 66.6%, to the median of F&N's trailing 12 month P/E multiple of 17.5x from the Unaffected Share Price Date
 - iii. The Revised TCC Offer Price represents a premium of approximately 39.5%, to the median of F&N's trailing 12 month P/B multiple of 1.3x from the Unaffected Share Price Date
 - iv. The Revised TCC Offer Price represents a discount of approximately (36.6)% to the median of F&N's trailing 12 month EV/EBITDA multiple of 21.8x from the Unaffected Share Price Date to the Latest Practicable Date
 - v. The Revised TCC Offer Price represents a discount of approximately (27.1)% to the median of F&N's trailing 12 month P/E multiple of 40.0x from the Unaffected Share Price Date to the Latest Practicable Date
 - vi. The Revised TCC Offer Price represents a premium of approximately 4.0% to the median of F&N's trailing 12 month P/B multiple of 1.7x from the Unaffected Share Price Date to the Latest Practicable Date

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

- f) The general offer premia resulting from the Revised TCC 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 Revised TCC Offer Price compared to the share price as of the Unaffected Share Price Date is below the median of the 1-day and 1-month offer premia of selected general offers in Singapore but above the 3-month and 6-month offer premia of the abovementioned transactions
 - ii. The general offer premia resulting from the Revised TCC Offer Price compared to the share price preceding the Revised TCC 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
- g) Based on certain research reports by stock brokers in relation to the Shares and/or the Revised TCC Offer, we note the following:
- i. The Revised TCC Offer Price represents a premium of 29.0% to the average price target estimates by brokers as of the Unaffected Share Price Date
 - ii. The Revised TCC Offer Price represents a premium of 1.2% to the average price target estimates by brokers as of the Revised TCC Offer Announcement Date
 - iii. The Revised TCC Offer Price represents a premium of 1.2% to the average price target estimates by brokers as of the Latest Practicable Date
- h) We note that the Revised TCC Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share of S\$8.58 to S\$11.68
- i. We also note that the implied Revised TCC 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 Latest Practicable Date, the Revised TCC Offer Price is **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 Revised TCC 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 Revised TCC Offer is declared unconditional in all respects or on the future financial performance of the Company.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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 Revised TCC Offer. Our opinion also does not incorporate an assessment of the price at which Shares may trade following the success or failure of the Revised TCC 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 Revised TCC Offer.

The Independent Directors may wish to consider advising Shareholders who:

- i. wish to realise their investments in the Company at this time
- ii. believe that the current market price of the Shares may decrease
- iii. believe that a higher competing offer will not be made
- 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 tendering all or a portion of their Shares in acceptance of the Revised TCC Offer or selling all or a portion of their Shares in the open market if they can obtain a price higher than the Revised TCC Offer Price (after deducting all related expenses) by doing so. If the Independent Directors make a recommendation to Shareholders to tender Shares in acceptance of the Revised TCC Offer, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that the Revised TCC 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 Revised TCC 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
- (ii) believe that the current market price of the Shares may increase
- (iii) believe that a higher competing offer may be made
- (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 Revised TCC 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 Revised TCC 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.

LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

As the ESOS Options and the Share Awards are not freely transferable by the holders thereof, the Offeror has stated in sections 2.4 and 2.5 of the TCC Offer Document that it will not make an offer to acquire the ESOS Options and/or the Share Awards.

However, as the Revised TCC 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 Revised TCC 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.

The Directors have confirmed that, as at the Latest Practicable Date, there are no ESOS Options whose exercise price is higher than or equivalent to the Revised TCC Offer Price.

We wish to emphasise that we have been appointed to render our opinion on the Latest Practicable 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 Revised TCC 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 Revised TCC 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 Revised TCC 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 – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out in paragraph 1 of Appendix I to the [Offeree Circular on the OUE Offer](#).

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are set out in paragraph 2 of Appendix I to the [Offeree Circular on the OUE Offer](#).

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\$1,560,752,236.06. As at the Latest Practicable Date, the Company has 1,440,727,595 Shares and 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 to the circular to Shareholders dated 11 October 2012 issued by the Company in relation to the TCC Offer (the "[Offeree Circular on the TCC Offer](#)").

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

- (a) 10,263,657 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 Jul 2008	9 Sept 2015
10 Oct 2006	186,788	4.22	10 Jul 2009	9 Sept 2016
10 Oct 2007	381,832	5.80	10 Jul 2010	9 Sept 2017
25 Nov 2008	65,846	2.86	25 Aug 2011	24 Oct 2018

- (b) there are 5,594,324¹ outstanding Share Awards granted under the Share Plans, pursuant to which the Company may deliver up to 7,854,750 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.

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 7,854,750 Shares.

APPENDIX – ADDITIONAL GENERAL INFORMATION

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.

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 2010, 30 September 2011 and 30 September 2012 is set out below. The following summary should be read together with the audited consolidated financial statements for the relevant financial years and related notes thereto, copies of which are available for inspection as set out in paragraph 12 of the Appendix to this Supplemental Letter.

S\$' million	← Audited →		
	Audited ⁽¹⁾ FY2010	Restated FY2011	FY2012
Revenue	5,697	4,610	3,596
Profit before interest and taxation	1,071	843	541
Net finance cost	(62)	(57)	(84)
Impairment on investments	(9)	–	–
Fair value adjustment of investment properties	129	140	342
Exceptional items	43	136	61
	163	276	403
Profit before taxation	1,172	1,062	860
Taxation	(270)	(197)	(100)
Profit after taxation	902	865	760
Profit from discontinued operations after taxation	160	267	251
Non-controlling interests	(242)	(234)	(175)
Profit after tax and non-controlling interests (after fair value adjustments and exceptional items)	820	898	836
Profit after tax and non-controlling interests (before fair value adjustments and exceptional items)	583	643	472
Earnings per share (cents) (before fair value adjustments and exceptional items)	41.7	45.7	33.2
Earnings per share (cents) (after fair value adjustments and exceptional items)	58.6	63.8	58.9
Dividend per share (cents)	17.0	18.0	18.0

Note:

(1) The audited profit statement is not restated.

APPENDIX – 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 and 30 September 2012 is set out below. The following summary should be read together with the audited consolidated financial statement for the relevant financial years and the related notes thereto, copies of which are available for inspection as set out in paragraph 12 of the Appendix to this Supplemental Letter.

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

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 2012 (being the date of the last published audited consolidated financial statements of the Company) include the following:

- (a) 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 Offeree Circular on the TCC Offer, 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 [Offeree Circular on the TCC Offer](#). Copies of the Valuation Reports are available for inspection as set out in paragraph 12 of the Appendix to this Supplemental Letter.
- (b) On 15 November 2012, the Company announced that it had completed its sale to Heineken International B.V. of its interests in Asia Pacific Breweries Limited and Asia Pacific Investment Pte Ltd.

Save as disclosed in this Supplemental Letter, the TCC Offer Document, the OUE Offer Document and publicly available information on the Company (including but not limited to the Annual Report 2012 of the Company and the announcements released by the Company on the SGXNET, the Offeree Circular on the TCC Offer and the Offeree Circular on the OUE Offer), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 30 September 2012, being the date of the last published audited financial statements of the Company.

5. DISCLOSURE OF INTERESTS

Save as disclosed in this Supplemental Letter and the [Offeree Circular on the OUE Offer](#), there has been no material change in the information previously set out in paragraph 5 of Appendix I to the [Offeree Circular on the TCC Offer](#).

APPENDIX – ADDITIONAL GENERAL INFORMATION

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 11 September 2012, being the date on which ThaiBev announced, *inter alia*, that it understands that a party acting in concert with ThaiBev is exploring the possibility of making an offer for the Company (the “**TCC 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 March 2012 (being six (6) months preceding the TCC Holding Announcement Date) and ending on the Latest Practicable Date:

Month	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Transacted Price as at	Trading Volume
March 2012	6.95	6.60	6.70	37,720,501
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	9.70	9.39	9.70	46,156,523
January 2013 (up to the Latest Practicable Date)	9.74	9.50	9.74	136,819,475

Source: Bloomberg L.P.

Highest and Lowest Prices

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

Highest closing price : S\$9.74

Lowest closing price : S\$6.24

APPENDIX – ADDITIONAL GENERAL INFORMATION

9. OVERSEAS SHAREHOLDERS

This Supplemental Letter 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 Supplemental Letter during normal business hours up to the Revised TCC Offer Closing Date, from the offices of the Registrar at 80 Robinson Road #02-00 Singapore 068898 or CDP at 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807. Alternatively, an Overseas Shareholder may make a written request to the Registrar or CDP for this Supplemental Letter to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Revised TCC Offer Closing Date.

10. INFORMATION PERTAINING TO CPFIS INVESTORS

CPFIS Investors should refer to Section 14 of the TCC 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 TCC Offer Document.

“14. GENERAL

CPFIS Investors will receive further information on how to accept the F&N Offer from the CPF Agent Banks directly. 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 F&N Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. CPFIS Investors who accept the F&N Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts subject to the F&N Offer becoming or being declared unconditional in all respects.”

11. GENERAL INFORMATION

- (a) All expenses and costs incurred by the Company in relation to the Revised TCC 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 Supplemental Letter, with the inclusion of its name and the J.P. Morgan Letter on the Revised TCC Offer (as set out on pages 12 to 79 of this Supplemental Letter) and all references to them, in the form and context in which they appear in this Supplemental Letter.
- (c) Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Supplemental Letter, with the inclusion of its name and all references to it and to the Valuation Reports as published in the Offeree Circular to the TCC Offer, in the form and context in which they appear in this Supplemental Letter.
- (d) Tricor Barbinder Share Registration Services has given and has not withdrawn its written consent to the issue of this Supplemental Letter, with the inclusion of its name, in the form and context in which they appear in this Supplemental Letter.
- (e) 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 Supplemental Letter.

APPENDIX – 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 Revised TCC Offer remains open for acceptance:

- (a) the Memorandum and the Articles of Association of the Company;
- (b) the annual reports of the Company for FY2010, FY2011 and FY2012;
- (c) the [Offeree Circular on the TCC Offer](#);
- (d) the [Offeree Circular on the OUE Offer](#);
- (e) the Valuation Reports from the Independent Valuers; and
- (f) the letters of consent referred to in paragraph 11 of the Appendix to this Supplemental Letter.