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FRASER AND NEAVE, LIMITED
Company Registration No. 189800001R
Incorporated in the Republic of Singapore

Fraser and Neave's profit crosses $1 billion for second consecutive year

- ***Profit after taxation[1] of $1,010 million***
- ***PBIT [2] declined 19 per cent to $952 million***
- ***Food & Beverage recorded marginal growth***
  - ***PBIT of APB/APIPL[3] grew 23 per cent to $411 million***
  - ***Soft Drinks maintained leadership positions in Malaysia and Singapore***
  - ***Dairies profit recovered in the second half of financial year***
    - ***Dairies Malaysia recovery on track; Thailand's quarterly profit returned to pre-flood level***
- ***Properties earnings are more volatile following accounting rule change, against the backdrop of continued strong sales***
  - ***Adopted INT FRS 115 wherein overseas and certain Singapore development earnings are only recognised upon project completion***
  - ***Unrecognised revenue of $3 billion to support Properties' future earnings***
  - ***Higher rental income boosted Commercial Property (Hospitality, Investment Property and REITs) earnings***

Financial Highlights (S$ 'million)	**Full-year to 30 Sep 2012**	**Full-year to 30 Sep 2011** (Restated)
Revenue	5,570.0	6,354.7
PBIT[2]	951.7	1,177.1
PAT[1,4]	1,010.4	1,131.7
Attributable Profit[1] - Excludes fair value adjustment and EI	835.6 472.3	897.8 643.0
Earnings Per Share[1] (basic) (cents) - Excludes fair value adjustment and EI	58.9 33.2	63.8 45.7
Net Asset Value Per Share	$5.31	$4.85

[1] *Includes fair value adjustment and exceptional items*

[2] *PBIT denotes profit before interest, taxation, fair value adjustment and exceptional items*

[3] *Asia Pacific Investment Pte Ltd ("**APIPL**") was the 50:50 joint venture company through which F&N and Heineken held their joint 64.8% interest in Asia Pacific Breweries Limited ("**APB**"). F&N owned, both directly and indirectly, approximately 39.7% interest in APB*

[4] *PAT denotes profit after taxation*

[5] *On 15 November 2012, the Group completed the sale of its entire interest in APB/APIPL. The results above are presented before reclassification of this business as Discontinued Operations*

SINGAPORE, 16 November 2012 – Fraser and Neave, Limited (“**F&N**” or “**the Group**”) revenue and PBIT for the full-year ended 30 September 2012 (“**FY2012**”) declined 12 per cent and 19 per cent to $5,570 million and $952 million, respectively. Lower profit was mainly due to lower recognition of Development Property earnings as a result of a change in accounting standards and one-off gains in FY2011 not repeated this year. Boosted by higher fair value gains from year-end revaluation of investment properties, profit after tax for the full year stood at $1,010 million, surpassing $1 billion for the second consecutive year.

Full year earnings from Properties dropped 39 per cent to $364 million on a 39-per cent decline in revenue. Earnings were dampened upon the Group’s adoption of INT FRS 115 accounting standard, which created volatility in Development Property’s profit. Under this new rule, earnings of overseas and certain Singapore residential developments are recognised only upon completion, and not according to construction progress. Consequently, despite achieving strong pre-sales of private residential units in Australia and China as well as executive condominium units in Singapore, such revenue and profit were not recognised in FY2012. Specifically, earnings of the 573-unit *Esparina Residences* (99 per cent sold), an executive condominium in Singapore, and phases 1 and 2 of the mixed-use *Central Park* project in Australia (64 per cent sold) will only be recognised upon construction completion in the coming financial year. At the end of FY2012, the Group had unrecognised contracted sales of $3.1 billion from Singapore and overseas pre-sold residential projects.

Last year, Development Property earnings were also lifted by a $68 million gain from the Group’s sale of its 50-per cent stake in the mixed-use *Central Park* project in Australia to Sekisui House Ltd. Both the absence of this gain and the accounting change mentioned above have resulted in a 55-per cent drop in Development Property earnings.

The changes in accounting standards will create volatility and lumpiness in F&N's earnings. To minimise earnings volatility, the Group will focus on achieving its sales target of over 1,000 units in its key overseas markets of Australia and China, as well as ensuring completion of overseas development projects every year. To further minimise earnings volatility, F&N will continue to grow and strengthen its Commercial Property segment so as to ensure a stronger flow of recurring income. This year, the Group successfully added *Fraser Place Queens Gate* and *Fraser Suites Kensington* in London, *Fraser Suites Perth* in Australia and *Capri by Fraser* in Singapore to its Hospitality portfolio.

FY2012 was a year of transformation for the Group Food & Beverage ("**F&B**") business, as it unlocked value in the beer business through the divestment of APB/APIPL[1], while Soft Drinks solidified its strong positions in its core markets of Singapore and Malaysia, and laid groundwork for expansion in ASEAN.

In August 2012, the F&N Board recommended, and Shareholders approved at an extraordinary general meeting convened in September 2012, to accept a $5.6 billion offer by Heineken N.V. ("**Heineken**") to sell its entire interest in APB/APIPL. "Over the last 81 years, together with our partners, the Group has successfully shaped APB into a leading brewery group in the Asia Pacific region. The ability to realise the value of this business at such an attractive premium is a testament to our success," said Mr Lee Hsien Yang, Chairman of F&N.

"FY2012 was a year dominated by events and developments that are transformational for F&N, and present great opportunity in the coming years.

While we realised substantial value through divesting the APB/APIPL interests, we will continue to take actions to ensure we remain competitive and drive the growth

[1] *Asia Pacific Investment Pte Ltd ("**APIPL**") was the 50:50 joint venture company through which F&N and Heineken held their joint 64.8% interest in Asia Pacific Breweries Limited ("**APB**"). F&N owned, both directly and indirectly, approximately 39.7% interest in APB*

of the remaining businesses. Our well established leading positions in regional markets, our in-depth understanding of Asian markets and the alliances with our partners, both present and future, will ensure a more balanced portfolio of businesses and provide a platform for sustained growth," added Mr Lee.

Besides its strong standing as a leading brewery group in Asia Pacific, the Group is also one of ASEAN's leading beverage players. Following the expiration of the Group's licensing arrangements with The Coca-Cola Company, Soft Drinks division maintained its regional focus by vigorously defending its leading positions in Singapore and Malaysia, and at the same time laying the groundwork for future expansion in ASEAN. As a result of its relentless focus on brand- and market-building campaigns, Soft Drinks in Malaysia achieved volume growth across its portfolio of brands to maintain its leading market position. Similarly in Singapore, the Group's Soft Drinks leadership position was maintained. However, despite recording volume growth, earnings of Soft Drinks were adversely affected by loss of the Coca-Cola business and a one-off overhead rationalisation charge. While Soft Drinks focused on executing its growth strategies, Dairies performance for the full year was adversely affected by some unexpected events – the Thai dairy plant was shut down for about seven months due to floods, and Dairies Malaysia's margins were hurt by the removal of sugar subsidy. As a result, Dairies FY2012 earnings declined 31 per cent to $26 million. Since restarting full production in May 2012, Dairies Thailand profits have returned to pre-flood levels. In Dairies Malaysia, earnings also improved in the second half of this year due to higher export volumes and improved margins from favourable product mix.

The Group's remaining brewery operations are conducted through its 55-per cent held brewery in Myanmar Brewery Limited ("**MBL**") in Myanmar. Established in 1995, MBL manufactures Myanmar's leading beer brands such as *Myanmar Beer,*

Myanmar Double Strong and *Andaman Gold*. This year, MBL maintained its market leadership position in Myanmar and delivered positive volume growth.

Directors have recommended a final dividend of 12.0 cents per share, which together with the interim dividend of 6.0 cents, brings the total dividend for the year to 18.0 cents, same as last year. Following the divestment of APB/APIPL interests, the Board is exploring all options available to it to distribute a portion of the sale proceeds to Shareholders, after F&N is no longer the subject of a takeover offer.

This final dividend, if approved by shareholders, will be paid on 21 February 2013.

FY2012 Corporate Events

On 18 August 2012, after receiving an improved offer, the Board of F&N signed conditional sale and purchase agreements with Heineken International B V ("**Heineken**"), a wholly-owned subsidiary of Heineken N V, to acquire F&N's entire 39.7% interest in APB and other assets held through APIPL for a total aggregate consideration of $5.6 billion ("**Transaction**"). APIPL was the 50:50 joint venture company through which F&N and Heineken held their joint 64.8 per cent interest in APB.

Shareholders at an extraordinary general meeting convened by F&N on 28 September 2012 approved the Transaction. The proposed cash distribution of approximately $4.0 billion by way of capital reduction of one for every three F&N shares was however not carried, mainly as a result of the votes cast by Thai Beverage Public Company Limited ("**ThaiBev**") and TCC Assets Limited ("**TCC**") against the capital reduction resolution. ThaiBev and TCC collectively owned

approximately 30.7 per cent[2] of F&N. As the proposed capital reduction resolution did not achieve the requisite majority of votes, the Board will, after F&N is no longer the subject of a takeover offer, consider all options available to it to distribute a portion of the sale proceeds, including a declaration of special dividend. On 15 November 2012, the Transaction was completed, and increased the value of F&N's net asset by $3.41 per share.

On 13 September 2012, TCC issued an announcement relating to a mandatory conditional cash offer for F&N at $8.88 per share ("**TCC Offer**"). The mandatory conditional cash offer was triggered after TCC acquired about 1.37 per cent of F&N at a price range of $8.80 to $8.88 per share, bringing the combined interest of TCC and ThaiBev in F&N to 30.36 per cent. In a circular to Shareholders dated 11 October 2012, the advice of the F&N-appointed independent financial advisor and the recommendation of F&N's independent directors were set out. Shareholders were advised to review this circular in its entirety. The TCC Offer remains open for acceptances by Shareholders until 22 November 2012.

On 15 November 2012, Overseas Union Enterprise Limited ("**OUE**") announced it would make a voluntary conditional cash offer for all the shares of F&N at $9.08 per share ("**OUE Offer**"). OUE's offer document setting out terms and conditions of its offer will be despatched to Shareholders not earlier than 29 November and not later than 6 December 2012. Meanwhile, the Board will appoint an independent financial advisor ("**IFA**") to advise the Board on the OUE Offer. A circular setting out the advice of IFA and the recommendation of Independent Directors will be sent to Shareholders within 14 days from the date of the despatch of OUE's offer document.

[2] Based on their shareholdings as of 20 September 2012, as disclosed in the offer document dated 27 September 2012 issued by United Overseas Bank Limited, DBS Bank Ltd. and Morgan Stanley Asia (Singapore) Pte. for and on behalf of TCC

Following the announcement of OUE's competing offer, Shareholders who have previously tendered acceptances to the TCC Offer may now withdraw their acceptances. Shareholders are advised to refer to TCC's offer document for instructions on such withdrawal.

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DIRECTORS' RESPONSIBILITY STATEMENT

The directors of F&N (including any who may have delegated detailed supervision of this press release) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this press release are fair and accurate and that no material facts have been omitted from this press release, and the directors of F&N jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of F&N has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this press release.

Operations Review (Full-year ended 30 September 2012 "**FY2012**")

Beer (APB/APIPL)

Beer continued its positive growth momentum with yet another set of strong results. Driven by the strength of its beer brands and regional footprint, revenue surged 13 per cent to $1,974 million on higher volumes, particularly in its top three markets of Vietnam, Indonesia and Papua New Guinea. Aided by improved margins from price increases in several markets, PBIT grew at an impressive 23 per cent to $411 million.

Beverages

Following the sale of the Group's entire interest in APB/APIPL, the remaining beer business is grouped with the Soft Drinks business to form the Beverages segment.

Subsequent to the divestment of APB/APIPL, F&N's remaining brewery operations are conducted through its 55-per cent held brewery in Myanmar Brewery Limited ("**MBL**") in Myanmar. Established in 1995, the brewery manufactures Myanmar's leading beer brands such as *Myanmar Beer, Myanmar Double Strong* and *Andaman Gold*. Building on its portfolio of leading brands, this year, MBL maintained its market leadership position in Myanmar and delivered positive volume growth.

The expiration of the Group's licensing arrangements with The Coca-Cola Company ("**TCCC**") represented a significant milestone for F&N's Soft Drinks division. Leveraging its strong brand equity and extensive distribution network, the Group continued to solidify its leadership position in the ready-to-drink segment in Malaysia, as well as re-gain and expand its Soft Drinks business in Singapore and other parts of ASEAN.

In Malaysia, the Group's focus remained on defending its leadership positions through sustained brand investment and consumer-focused innovation.

Consequently, Soft Drinks Malaysia posted 12 per cent volume growth in most brands, excluding TCCC's volume. Similarly, PBIT improved 11 per cent despite a one-off rationalisation charge of RM8 million ($3 million).

In Singapore, the focus remained on widening and deepening distribution of the Group's soft drinks products. Coupled with consumer-focused innovation and brand building initiatives, the Group was able to retain a substantial part of the sales volume that its brands enjoyed while licensed to TCCC a year ago. .

Overall, Soft Drinks FY2012 revenue declined 17 per cent due to the absence of TCCC's contribution. PBIT fell 68 per cent due to lower revenue and the one-off rationalisation charge.

Dairies

Dairies made a strong comeback in the second half of FY2012, buoyed by strong domestic demand in Thailand, Malaysia, Singapore and export markets. Despite the strong pick up in sales during these quarters, full year earnings were impacted by supply chain disruptions triggered by last year's floods in Thailand, and one-off relocation costs and accelerated depreciation charges relating to Dairies plant in Malaysia. Dairies' full-year earnings stood at $26 million, compared with $37 million in FY2011. Excluding the impact of Thai operations, Dairies earnings grew 67 per cent, to $25 million.

Following a 200-day flood disruption, Dairies Thailand returned to full production for all products in mid-May 2012, one month ahead of schedule. Boosted by brisk domestic demand, Dairies Thailand sales improved in the second half of FY2012. However, despite strong sales recovery, Thailand Dairies FY2012 earnings were adversely affected by flood in the first half of this financial year.

In Malaysia, the removal of sugar subsidy for selected F&B manufacturers continued to put Dairies Malaysia at a cost disadvantage. It has responded by re-positioning its brands to create value for consumers and differentiating its products even further. In addition, the Group's new technology-leading, eco-friendly dairy plant in Pulau Indah is expected to improve operational efficiency and increase productivity. During FY2012, the Group realised a deferred tax asset of about $30 million in relation to the Halal Hub tax incentive.

Publishing and Printing

Publishing and Printing achieved revenue of $382 million, down 4 per cent from last year. This was due to lower print demand from Western markets and rationalisation of under-performing businesses. Excluding divested businesses, revenue grew $2.4 million (or 1 per cent), mainly driven by strong growth in Education Publishing, and increased contribution from the distribution of lifestyle products.

PBIT declined 85 per cent to $4 million due to rationalisation expenses, lower print volume and value-creating investments in Education Publishing. Lower contribution from associates also adversely affected earnings.

Properties

Properties recorded FY2012 revenue and PBIT of $1,345 million and $364 million, compared with last year's restated revenue and profit of $2,221 million and $594 million, respectively.

The lower profit was mainly due to a) having a higher proportion of executive condominium ("**EC**"), China and Australia sales in the FY2012 pre-sales mix than in FY2011, which the Group was not able to recognise due to changes in accounting guidelines (exacerbated by fewer completed stock for sale, particularly in Australia), as well as b) the non-recurrence of a $68 million gain resulting from the sale of the

Group's 50-per cent stake in the mixed-use *Central Park* project in Australia to Sekisui Holdings, Ltd in FY2011.

Higher rental and management fee income from Commercial Property helped cushion the decline in Development Property earnings. This segment posted a 5-per cent increase in earnings, supported by earnings from the two REITs, Frasers Centrepoint Trust ("**FCT**") and Frasers Commercial Trust ("**FCOT**"), as well as improved profitability from its serviced residence operations and most non-REITed investment properties.

(a) Development Property

FY2012 Development Property revenue of $1,069 million continued to be underpinned by pre-sold development projects in Singapore. PBIT declined 55 per cent to $195 million. The decline in PBIT was mainly due to construction completion of development projects like *Soleil@Sinaran* and *Martin Place Residences* in FY2011, higher proportion of EC, Australia and China pre-sales, few completed stock for sale at *Trio* and *Lumiere Residences,* in Australia and the non-recurrence of a large one-off gain in FY2011.

As a consequence of adopting INT FRS 115, although revenue from the sale of Singapore private residential projects are still recognised progressively, revenue from overseas development projects, as well as EC projects in Singapore, will only be recognised when the units are handed over to buyers. Accordingly, revenue from pre-sold units in Australia (*Central Park* mixed-use development, *Putney Hill* and *QIII*) and China (*Baitang One* phase 2A), and EC developments in Singapore (*Esparina Residences* and *Twin Waterfalls*) were not recognised this year.

In Singapore, strong sales continued into FY2012. This year the Group launched four projects and released some 2,860 units in *Watertown, Twin Waterfall, Palm Isles* and *eCO* for sale. To date, about 2,381 residential units[3] from these projects have been sold, taking total FY2012 sales to 3,047 units[3], including previously launched projects like *Boathouse, Eight Courtyards, Esparina Residences, Flamingo Valley, Seastrand, Soleil@Sinaran, Waterfront Gold, Waterfront Isle* and *Waterfront Key.*

Sales in Australia were also strong. In FY2012, the Group sold about 586 residential units from completed residential developments of *Lumiere Residences, Trio* and *Lorne Killara,* and from projects currently under development, namely *One Central Park, Park Lane, The Mark* (collectively the Central Park mixed-use development), *QIII* and *Putney Hill.* The construction of *One Central Park* and *Park Lane* is progressing well. Completion is scheduled in stages next year.

The Group's unrecognised revenue of $3.1 billion from pre-sold projects in Singapore and overseas will support its development property earnings in the next several years.

(b) Commercial Property (Investment Property, Real Estate Investment Trust ("**REIT**") and Hospitality)

Boosted by contribution from a new retail mall and improved contribution from its largest retail mall, *Causeway Point* following the completion of a substantial portion of asset enhancement work, FCT (Group's 41-per cent held retail REIT) posted a strong FY2012 performance. Gross revenue rose 25 per cent to $147 million while net property income grew 26 per cent to $104 million. Operationally, the average occupancy of FCT's portfolio as at 30 September 2012 edged up slightly to 94 per cent from the previous year; average rental reversion of FCT's portfolio improved by 12 per cent.

[3] Includes 400 options issued pending signing of S&P for *eCO*, which was launched in September 2012

Similarly, the Group's 27 per cent-held office and business space REIT, FCOT also recorded healthy growth in revenue and net property income. This year, FCOT delivered a strong topline growth of 11 per cent to $133 million, mainly on higher rental income at *China Square Central*, Singapore and *Central Park*, Australia, as well as higher income from the additional 50 per cent interest acquired in *Caroline Chisholm Centre,* Australia. Consequently, net property income for the period edged up 7 per cent to $96 million. Operationally, average occupancy of FCOT's portfolio remained robust, at 94 per cent, boosted by healthy portfolio occupancy rates in its core markets of Singapore and Australia. As part of FCOT portfolio restructuring exercise, this year, FCOT completed the sale of *KeyPoint* in Singapore for $360m to realise a gain of $73m. Some of the net sale proceeds have been utilised to reduce a portion of FCOT's debt, thereby providing it with the financial flexibility and debt headroom to acquire other assets and strengthen its asset portfolio.

The Group's non-REITed malls and office and business parks in Singapore, China and Vietnam continued to maintain strong occupancy levels.

The Hospitality division recorded improved revenue and profit growth. This year, revenue grew 13 per cent to $131 million, boosted by a) contributions from new properties in Australia, Indonesia, Singapore and the UK, b) improved demand for most of its properties, and c) higher management fees. However, enhancement works at the Fraser Suites Singapore adversely affected profit. Consequently, PBIT declined 5 per cent, to $40 million. Hospitality continued to expand and strengthen its presence by securing management contracts and expanding the *Fraser's* gold-standard serviced residences franchise. This year, besides opening its first property in India and completing the acquisitions of *Fraser Place Queens Gate* and *Fraser Suites Kensington* in London, Hospitality also entered into agreements to manage various serviced residences in Vietnam, China, Malaysia, United Arab Emirates and the Kingdom of Bahrain.