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F&N's F&B and Properties deliver strong nine months results

- ***Attributable profit[1] of $5.0 billion boosted by disposal gain***
- ***PBIT [2] grew 25 per cent to $489 million***
- ***Revenue improved 12 per cent to $2.8 billion***
- ***Food & Beverage growth momentum sustained***
  - ***Beverages profit up 31 per cent to $109 million on strong Soft Drinks and Beer sales***
  - ***Dairies profit nearly triples to $45 million***
- ***Development Property fueled Properties earnings growth***
  - ***Strong pre-sales in Singapore supported Development Property earnings***
  - ***Higher fee and rental income drove REIT and Hospitality earnings***

Financial Highlights ($ 'million)	3 months to 30 Jun 2013	3 months to 30 Jun 2012	9 months to 30 Jun 2013	9 months to 30 Jun 2012
Revenue	1,001.8	965.0	2,827.2	2,525.8
Trading Profit	139.5	136.8	433.4	339.6
PBIT[2]	164.8	153.6	489.2	390.6
PAT[3]	123.2	185.0	5,065.5	553.8
Attributable Profit[1]	106.6	140.5	5,013.6	403.0
Earnings Per Share (basic)(cents)				
- Before gain on disposal of discontinued operations, fair value adjustment and exceptional items			17.9	27.5
- After gain on disposal of discontinued operations, fair value adjustment and exceptional items			347.9	28.4
Net Asset Value per ordinary share			$8.87	$5.32 (30 Sep 2012)

[1] *After fair value adjustment and exceptional items*
[2] *PBIT denotes profit before interest, taxation and exceptional items*
[3] *PAT denotes profit after taxation and exceptional items*

SINGAPORE, 7 August 2013 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") achieved revenue of $1 billion in the third quarter ended 30 June 2013 ("**3Q2013**"), an increase of 4 per cent over the same period last year. Coupled with improved margins from Food & Beverage ("**F&B**"), 3Q2013 profit before interest and taxation

("**PBIT**") improved 7 per cent to $165 million. F&B posted strong earnings growth as a result of improved consumer demand, strong trade and market execution as well as lower input costs. Properties earnings jumped 22 per cent this quarter, underpinned by strong fee and rental income and earnings from progressive recognition of pre-sold residential projects in Singapore.

For the nine months ended 30 June 2013 ("**9M2013**"), Group revenue grew 12 per cent to $2.83 billion. Underpinned by double-digit revenue growth in Properties and F&B, improved margins from favourable mix and lower input costs, 9M2013 PBIT jumped 25 per cent to $489 million. In November 2012, F&N completed the disposal of its entire interest in Asia Pacific Breweries Limited ("**APB**") for $5.58 billion. Consequently the Group realised a disposal gain of $4.75 billion, pushing 9M2013 PAT to $5.07 billion.

Subsequent to the divestment of F&N's entire interest in APB, the remaining beer business has been grouped with Soft Drinks to form the Beverages division. In the nine months ended 30 June 2013, Beverages PBIT rose 31 per cent to $109 million on higher soft drinks and beer volumes, as well as favourable sales and channel mix. After a year of separation from The Coca Cola Company franchise, the Group's Soft Drinks division in Malaysia continued to register volume growth despite intense competition. Similarly, the Group's 55-per cent held Myanmar Brewery Limited ("**MBL**") also delivered strong results, continuing the good momentum from FY2012. MBL registered volume growth and maintained strong market leadership position in Myanmar with its leading beer brands like *Myanmar Beer, Myanmar Double Strong* and *Andaman Gold*.

Dairies PBIT grew threefold to $45 million in 9M2013 mainly due to the recovery of its dairy business in Thailand from the effects of floods in 2011 and a 11-per cent jump in revenue.

9M2013 earnings of $315 million from Properties, up 19 per cent from the last corresponding period, was driven by strong contribution from pre-sold development projects in Singapore and higher income from investment properties and serviced apartments. On the back of a 24-per cent improvement in revenue, Development Property 9M2013 PBIT grew 22 per cent to $178 million, mainly from projects currently under development in Singapore namely *Boathouse Residences, Eight Courtyards, Flamingo Valley, Palm Isles, Seastrand, Waterfront Gold, Waterfront Isle* and *Watertown*, as well as *One Central Park West,* phase 1 of *One Central Park,* in Australia. *One Central Park West* was completed in 3Q2013 and approximately 180 settlements have taken place so far. Commercial Property, which comprises Investment Property, REITs and Hospitality, also recorded double-digit earnings growth, despite the absence of rental income from two investment properties following the divestment of a listed subsidiary, Frasers Property China Limited in September 2012. REITs and Hospitality each delivered strong performance with profit up by 21 per cent and 74 per cent, respectively.

Corporate Developments

F&N shareholders at an Extraordinary General Meeting held on 28 June 2013 unanimously approved a $3.28 per share capital distribution to return a substantial part of the Company's proceeds from the sale of its entire interest in Asia Pacific Breweries Limited. The distribution of approximately $4.7 billion was paid to shareholders on 31 July 2013. Following the completion of the Capital Reduction, net asset value per share and Total Equity decreased 37 per cent to $5.59 and $8.06 billion, respectively.

On 28 June 2013, the Group also announced that the F&N Board would appoint advisers to study and review alternative strategic options available to the Group to unlock shareholder value. The review might involve a segregation of the Group's property-related business from its non-property related businesses. No decision has yet been made on any strategic option or proposal and any option selected would proceed only upon receipt of all relevant approvals.

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Operations Review (Nine months ended 30 June 2013 "**9M2013**")

Beverages

Following the sale of the Group's entire interest in APB, the remaining beer business has been grouped with the soft drinks business to form the Beverages division.

F&N's remaining brewery operation is conducted through its 55-per cent held brewery in Myanmar. Established in 1995, Myanmar Brewery Limited ("**MBL**") manufactures Myanmar's leading beer brands like *Myanmar Beer, Myanmar Double Strong* and *Andaman Gold*. Building on its portfolio of leading brands, this period, MBL maintained its market leadership position in Myanmar and delivered positive volume growth.

A year after the expiration of F&N's licensing arrangements with The Coca-Cola Company, the Group continued to leverage its strong brand equity and extensive distribution network to solidify its leadership position in the ready-to-drink segment in Malaysia, as well as regain and expand its Soft Drinks business in Singapore and other parts of ASEAN.

In Malaysia, Soft Drinks continued to grow through active promotional activities, posting volume growth in all key brands like *F&N, 100PLUS, F&N Seasons* and *F&N Ice Mountain*. Buoyed further by improved margins from favourable sales mix and lower promotional expenses, Soft Drinks Malaysia 9M2013 PBIT grew 22 per cent from the same corresponding period last year.

In Singapore, the focus remained on widening and deepening distribution of the Group's soft drinks products. Coupled with brand building initiatives, Soft Drinks Singapore revenue improved on higher sales of *100PLUS, F&N Ice Mountain* and *F&N Seasons*.

Overall, Beverages revenue grew 10 per cent while PBIT improved 31 per cent.

Dairies

Dairies profit surged to $45 million, three times its 9M2012 earnings, as Dairies Thailand recovered from the impact of 2011 floods, while Dairies Malaysia benefitted from lower input and operating costs.

Dairies Thailand continued on its fast recovery track as production and demand resumed. Lifted by a recovery in demand from Thailand, improved export sales to Indochina, and successful entry into Myanmar, Dairies Thailand's sales jumped 41 per cent, bringing its profit back to pre-flood levels.

Aided by lower input cost and the absence of an accelerated deprecation charge recorded in 9M2012, Dairies Malaysia earnings improved despite lower revenue.

Publishing & Printing

Despite strong export revenue for the Education Publishing segment and higher print output, overall revenue for Publishing & Printing fell 6 per cent to $267 million. This was largely due to the cessation of the loss-making Library Reference business in the USA and domestic education publishing business in Malaysia. Revenue was also affected by lower Distribution income arising from weak magazine readership and lower print selling prices.

PBIT declined 79 per cent to $1 million. Savings reaped from the closure of loss-making businesses were offset by investments made to expand the Education Publishing business, decline in revenue for both Print and Distribution and weaker performance of Associates.

Properties

Properties recorded 9M2013 revenue and profit of $1,042 million and $315 million, up 21 per cent and 19 per cent, respectively, from the same period a year earlier. Property Development was again the main contributor to Properties earnings, with 22 per cent growth from the same period last year. Commercial Property, which comprises Investment Property, REITs and Hospitality segments, also recorded strong earnings growth of 15 per cent on higher fee and rental income, despite the absence of rental income from two investment properties following the divestment of a listed subsidiary in September 2012.

(a) Development Property

Development Property 9M2013 revenue of $814 million continued to be underpinned by pre-sold development projects in Singapore. PBIT improved 22 per cent to $178 million. The rise in PBIT was mainly due to the commencement of earnings recognition from *Palm Isles* and *Watertown*, as well as higher contribution from *Boathouse Residences, Eight Courtyards, Flamingo Valley, Seastrand, Waterfront Gold* and *Waterfront Isle,* in Singapore, as well as phase 1 of *One Central Park*, *One Central Park West* in Australia. *One Central Park West* was completed in 3Q2013 and about 180 settlements have taken place so far.

As a consequence of adopting INT FRS 115, no revenue was recognised at the Group's two executive condominium projects, *Esparina Residences* and *Twin Waterfalls*, even though they were near-fully sold. Income from these projects will only be recognised when the units are handed over to buyers in 4Q2013 and January 2015[1], respectively. Similarly, revenue from the remaining pre-sold units in Australia (*Central Park* mixed-use development, *Putney Hill* and *QIII*) and China (*Baitang One* phase 2A) were also not recognised this period.

[1] Estimated completion dates

In Singapore, strong residential property sales continued into 9M2013. In this period, the Group registered sales of 1,638 units mainly from the *Boathouse Residences, eCO*, *Flamingo Valley, Palm Isles, Q Bay Residences, Twin Fountains* and *Watertown* projects. The Group successfully launched two residential development projects this year – *Q Bay Residences* and *Twin Fountains*. The 632-unit *Q Bay Residences* was launched in January 2013 and as at 9M2013, it achieved sales of 495 units (or 78 per cent). The 418-unit *Twin Fountains,* an executive condominium development, was launched in May 2013 and as at 9M2013, it recorded sales of 126 units (or 30 per cent). *Twin Fountains* is jointly developed by F&N and Lum Chang Binjai Holdings.

Following the launch of *Twin Fountains*, F&N, together with Far East Orchard Limited (30%), and Sekisui House (30%) (collectively the Consortium) acquired a site in Fernvale Close for $533 per square foot per plot ratio or $257 million. Sitting on a site area of 14,930 square metres ("**sqm**"), the Consortium plans to build seven 18-storey high residential towers spanning about 44,800sqm with 490 units.

Residential property sales in Australia remained healthy. In 9M2013, the Group sold about 296 residential units from projects currently under development, namely *Frasers Landing*, *One Central Park, Park Lane, The Mark* (collectively the Central Park mixed-use development), *Putney Hill* and *QIII*, as well as from completed residential developments of *Lumiere Residences* and *Trio.* The construction of *Park Lane* and the remaining phases of *One Central Park* is progressing well.

The Group's unrecognised revenue of $3.3 billion as at the end of the 9M2013 from pre-sold development projects in Singapore and overseas will continue to support Development Property earnings in the next several years.

<u>(b) Commercial Property (Investment Property, Real Estate Investment Trust ("**REIT**") and Hospitality)</u>

Driven by higher contribution from *Causeway Point* and *Northpoint,* Frasers Centrepoint Trust ("**FCT**") (the Group's 41-per cent held retail REIT) posted a strong 9M2013 performance. Gross revenue rose 9 per cent to $118 million while net property income grew 11 per cent to $84 million. Operationally, the average occupancy of FCT's portfolio as at 30 June 2013 remained a strong 98 per cent.

The Group's 27-per cent held office and business space REIT, Frasers Commercial Trust ("**FCOT**") recorded 9M2013 revenue of $89 million, down 8 per cent due mainly to the absence of rental income from *Keypoint* and three Japanese properties following divestments in October 2012. Consequently, net property income declined 9 per cent to $69 million. Despite lower net property income, income available for distribution to unitholders improved 19 per cent due to lower interest costs and savings arising from the net conversion and redemption of its Series A Convertible Perpetual Preferred Units. Operationally, average occupancy of FCOT's portfolio improved to 98 per cent, from 95 per cent last quarter, boosted by healthy portfolio occupancy rates in Singapore and Australia.

The Group's non-REITed malls, office and business parks in Singapore and Vietnam continued to maintain strong occupancy levels. The latest business park, *One@Changi City*, a 50-per cent joint venture with Ascendas Land (Singapore) was completed in November 2012, achieved about 93 per cent occupancy as at 9M2013.

Frasers Hospitality recorded solid revenue and profit growth in 9M2013. In this period, revenue grew 39 per cent to $129 million, boosted by strong demand from most of its properties including new properties in Australia, Singapore and the UK, and higher management fees. Consequently, PBIT grew 74 per cent, to $48 million. Hospitality continued to expand and strengthen its presence by securing management contracts and expanding the *Fraser* gold-standard serviced residences franchise, as well as the newly launched *Capri* brand.