

CIRCULAR DATED 28 OCTOBER 2013

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all of your shares in the capital of Fraser and Neave, Limited, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

This Circular does not constitute, and is not intended to be, an offer, or a notice, circular or advertisement calling or drawing attention to an offer to the public or to subscribe for or to purchase any FCL Shares (as defined herein). You should also have received, together with this Circular, the Introductory Document (as defined herein) which sets out detailed information on Frasers Centrepoint Limited. Please read the Introductory Document carefully.



FRASER AND NEAVE, LIMITED

FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 189800001R)

CIRCULAR TO SHAREHOLDERS

in relation to the

PROPOSED DEMERGER OF THE PROPERTY BUSINESS OF FRASER AND NEAVE, LIMITED THROUGH THE DIVIDEND *IN SPECIE* OF ALL THE ISSUED SHARES IN FRASERS CENTREPOINT LIMITED TO SHAREHOLDERS AND THE LISTING OF FRASERS CENTREPOINT LIMITED BY WAY OF AN INTRODUCTION

Joint Financial Advisers to Fraser and Neave, Limited



Morgan Stanley

IMPORTANT DATES AND TIMES:

Last Date and Time for Lodgement of Proxy Form	:	11 November 2013 at 10.00 a.m.
Date and Time of Extraordinary General Meeting	:	13 November 2013 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Level 2, Alexandra Point 438 Alexandra Road Singapore 119958

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Circular and the FCL Distribution (as defined herein) may be prohibited or restricted by law in certain jurisdictions. Shareholders (as defined herein) are required to inform themselves of and to observe any such prohibition or restriction. It is the responsibility of Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

Further details on the distribution of and the entitlement of Overseas Shareholders (as defined herein) to the FCL Shares are set out on pages 36 to 38 of this Circular.

Hong Kong

The contents of this Circular have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the FCL Distribution and such other information contained herein. If you are in any doubt about any of the contents of this Circular, you should obtain independent professional advice.

CONTENTS

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS	2
DEFINITIONS.....	4
LETTER TO SHAREHOLDERS.....	10
1. Introduction.....	10
2. Summary Information on FCL.....	11
3. Rationale for the FCL Distribution.....	22
4. Details of the FCL Distribution	28
5. Administrative Procedures for the FCL Distribution	36
6. Interests of Directors and Controlling Shareholders	39
7. Directors' Recommendation	39
8. TCC Assets Limited Intends to Vote in Favour of the FCL Distribution	39
9. Extraordinary General Meeting	39
10. Action to be Taken by Shareholders	39
11. Responsibility Statements.....	39
12. Additional Information	40
APPENDIX 1 – FINANCIAL EFFECTS.....	41
APPENDIX 2 – PRO FORMA PROFIT STATEMENT AND BALANCE SHEET OF THE F&N GROUP	45
APPENDIX 3 – DISCLOSURE OF INTERESTS.....	47
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	49
PROXY FORM	

DEFINITIONS

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

“2013 Award Shares”	:	Up to 4,696,809 new Shares that could be issued on or prior to 31 December 2013, pursuant to outstanding Share Awards.
“9M2013”	:	The nine months ended 30 June 2013.
“Additional Capitalisation”	:	The subscription of new FCL Shares for a total subscription amount of \$670 million under the Corporate Restructuring.
“APB Sale”	:	The sale of the Company’s interests in Asia Pacific Breweries Limited and Asia Pacific Investment Pte Ltd, which was completed in the first quarter of FY2013.
“AUD”	:	Australian dollar, being the lawful currency of Australia.
“Board”	:	The board of Directors of the Company at the Latest Practicable Date.
“Bonds”	:	The \$300,000,000 bonds issued by F&NT in 2011.
“Books Closure Date”	:	The date, to be determined by the Directors and announced by the Company, on which the transfer books of the Company and the Register will be closed in order to determine the entitlements of Shareholders to the FCL Distribution.
“CAGR”	:	Compound annual growth rate.
“Capital Reduction”	:	The cash distribution of approximately \$4.73 billion in aggregate to Shareholders which was approved at an extraordinary general meeting of the Company on 28 June 2013, and effected on 25 July 2013.
“CDP”	:	The Central Depository (Pte) Limited.
“Companies Act”	:	The Companies Act, Chapter 50, of Singapore.
“Company” or “F&N”	:	Fraser and Neave, Limited.
“Concession Period”	:	The period during which a temporary odd-lot trading counter for the trading of FCL Shares in board lots of 100 FCL Shares will be available, as set out in paragraph 5.6 of the Letter to Shareholders.
“Corporate Restructuring”	:	The Initial Capitalisation, the Preference Shares Redemption and the following which will be completed immediately prior to the Proposed Listing: <ul style="list-style-type: none">(i) the subscription by the Company for new FCL Shares for a total subscription amount of \$670 million; and(ii) the repayment of \$0.67 billion of the Loans with equity injected by the Company pursuant to the Additional Capitalisation and the transfer of the remaining Loans (for consideration) by F&NT (as lender) to FCLT, which consideration will be funded by drawing down on bank loans.

DEFINITIONS

“CPF”	:	Central Provident Fund.
“CPFIS”	:	CPF Investment Scheme.
“CPFIS Agent Banks”	:	Agent banks included under the CPFIS.
“DBS Bank”	:	DBS Bank Ltd.
“Directors”	:	The directors of the Company at the Latest Practicable Date.
“EBITDA”	:	Earnings before interest, taxes, depreciation and amortisation.
“EGM”	:	The extraordinary general meeting of the Company to be held on 13 November 2013 at 10.00 a.m. (and any adjournment thereof), the notice of which is given on pages 49 to 50 of this Circular.
“EPS”	:	Earnings per Share.
“Facilities”	:	Refers collectively to the notes issued pursuant to the Programme, the notes issued pursuant to the F&NT Programme, the Bonds and certain loan facilities guaranteed by the Company.
“F&B Division” or “F&B”	:	Food and Beverage Business Division.
“FCL”	:	Frasers Centrepoint Limited.
“FCL Capitalisation”	:	Refers to the Initial Capitalisation and Additional Capitalisation under the Corporate Restructuring.
“FCL Distribution”	:	The proposed distribution by the Company to its Shareholders of all the issued FCL Shares on the basis of two FCL Shares for each Share held by Shareholders or on their behalf as at the Books Closure Date.
“FCL Group”	:	FCL and the subsidiaries of FCL.
“FCL Performance Share Plan”	:	The performance share plan established by FCL.
“FCL Restricted Share Plan”	:	The restricted share plan established by FCL.
“FCL Share Plans”	:	The FCL Restricted Share Plan and the FCL Performance Share Plan.
“FCL Shares”	:	Ordinary shares in the issued share capital of FCL.
“FCLT”	:	FCL Treasury Pte Ltd.
“FCOT”	:	Frasers Commercial Trust.
“FCT”	:	Frasers Centrepoint Trust.
“F&N Group”	:	F&N and the subsidiaries of F&N.
“F&NHB”	:	Fraser & Neave Holdings Bhd.

DEFINITIONS

“F&N Share Plans”	:	The F&N Performance Share Plan and the F&N Restricted Share Plan, which were approved and adopted by the Company on 22 January 2009.
“F&NS”	:	Fraser & Neave (Singapore) Pte Ltd.
“F&NT”	:	F&N Treasury Pte Ltd.
“F&NT Programme”	:	The \$2,000,000,000 multicurrency medium term note programme established by F&NT.
“Fung Choi”	:	Fung Choi Media Group Limited.
“FY2003”	:	The financial year ended 30 September 2003.
“FY2004”	:	The financial year ended 30 September 2004.
“FY2005”	:	The financial year ended 30 September 2005.
“FY2006”	:	The financial year ended 30 September 2006.
“FY2007”	:	The financial year ended 30 September 2007.
“FY2008”	:	The financial year ended 30 September 2008.
“FY2009”	:	The financial year ended 30 September 2009.
“FY2010”	:	The financial year ended 30 September 2010.
“FY2011”	:	The financial year ended 30 September 2011.
“FY2012”	:	The financial year ended 30 September 2012.
“FY2013”	:	The financial year ended 30 September 2013.
“GDV”	:	Gross development value.
“Initial Capitalisation”	:	The subscription of 330,000,000 new FCL Shares for a total subscription amount of \$330 million under the Corporate Restructuring.
“Introductory Document”	:	The introductory document dated 28 October 2013 issued in conjunction with the Proposed Listing.
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 14 October 2013.
“Listing Date”	:	The date of admission of FCL to the Official List of the SGX-ST.
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date.
“Loans”	:	The loans extended by F&NT to the FCL Group from time to time for various purposes.
“LTM”	:	The last 12 months.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.

DEFINITIONS

“MBL”	:	Myanmar Brewery Limited.
“MEHL”	:	Myanma Economic Holdings Limited.
“Morgan Stanley”	:	Morgan Stanley Asia (Singapore) Pte.
“NAV”	:	Net asset value, being total assets less total liabilities and non-controlling interests.
“Notice of EGM”	:	The notice of EGM set out on pages 49 to 50 of this Circular.
“OIA”	:	Overseas Investment Act 2005.
“OIO”	:	The New Zealand Overseas Investment Office.
“Overseas Shareholders”	:	Shareholders whose registered address appearing in the Register or the Depository Register (as the case may be) is outside Singapore as at the Books Closure Date.
“Overseas Shareholders’ FCL Shares”	:	In relation to the Overseas Shareholders where the Directors are of the view that the distribution of the FCL Shares to any Overseas Shareholders may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the FCL Shares which such Overseas Shareholders would have been entitled to pursuant to the FCL Distribution.
“PBIT”	:	Profit before interest and tax.
“PMP”	:	PMP Limited.
“P&P Division” or “P&P”	:	Printing and Publishing Business Division.
“Preference Shares Redemption”	:	The redemption by FCL of all the 330,000 redeemable preference shares currently held by the Company in FCL for an aggregate amount of \$330 million under the Corporate Restructuring.
“Programme”	:	The \$1,000,000,000 multicurrency medium term note programme established by the Company.
“Proposed Listing”	:	The proposed listing of FCL on the Main Board of the SGX-ST by way of an introduction.
“Register”	:	The register of members of the Company, as maintained by the Share Registrar.
“Register of FCL”	:	The register of members of FCL, as maintained by Tricor Barbinder Share Registration Services, being FCL’s share registrar.
“REIT”	:	Real estate investment trust.
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent.

DEFINITIONS

“SGX-ST”	:	The Singapore Exchange Securities Trading Limited.
“Share Awards”	:	The awards of Shares granted pursuant to the F&N Share Plans.
“Share Registrar”	:	Tricor Barbinder Share Registration Services.
“Shared Services Agreement”	:	The shared services agreement entered into by the Company through its wholly-owned subsidiary, F&NS, in connection with the Proposed Listing.
“Shareholders”	:	The registered holders of the Shares (other than the Company) except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean Depositors (other than the Company) whose Securities Accounts are credited with those Shares.
“Shares”	:	Ordinary shares in the issued share capital of the Company.
“TCC Group”	:	The companies and entities in the Thai Charoen Corporation Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.
“THB”	:	Thai Baht, being the lawful currency of Thailand.
“TPL”	:	Times Publishing Ltd.
“Unlisted F&B”	:	Privately-held subsidiaries of F&N in the F&B Division.
“UOB”	:	United Overseas Bank Ltd.
“USD” or “US\$”	:	United States dollars, being the lawful currency of the United States of America.
“Vinamilk”	:	Vietnam Dairy Products Joint Stock Company.
“VWAP”	:	Volume-weighted average price.
“\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore.
“%” or “per cent.”	:	Per centum or percentage.

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 130A of the Companies Act.

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

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

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Circular refer to the F&N Group.

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

DEFINITIONS

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

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

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

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 189800001R)

Directors:

Mr Charoen Sirivadhanabhakdi (Non-executive and non-independent Chairman)
Khunying Wanna Sirivadhanabhakdi (Non-executive and non-independent Vice Chairman)
Mr Charles Mak Ming Ying (Non-executive and independent Director)
Mr Chan Heng Wing (Non-executive and independent Director)
Mr Philip Eng Heng Nee (Non-executive and independent Director)
Mr Koh Poh Tiong (Non-executive and non-independent Director)
Mr Weerawong Chittmittrapap (Non-executive and independent Director)
Mrs Siripen Sitasuwan (Non-executive and independent Director)
Mr Chotiphat Bijananda (Non-executive and non-independent Director)
Mr Thapana Sirivadhanabhakdi (Non-executive and non-independent Director)
Mr Panote Sirivadhanabhakdi (Non-executive and non-independent Director)
Mr Sithichai Chaikriangkrai (Non-executive and non-independent Director)
Mr Prapakon Thongthepairot (Non-executive and non-independent Alternate Director to Mr Sithichai Chaikriangkrai)

Registered Office:

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

28 October 2013

To: The Shareholders of Fraser and Neave, Limited

Dear Sir / Madam

PROPOSED DEMERGER OF THE PROPERTY BUSINESS OF THE COMPANY THROUGH THE DIVIDEND *IN SPECIE* OF ALL THE ISSUED SHARES IN FRASERS CENTREPOINT LIMITED TO SHAREHOLDERS AND THE LISTING OF FRASERS CENTREPOINT LIMITED BY WAY OF AN INTRODUCTION

1. INTRODUCTION

1.1 Proposed FCL Distribution. On 27 August 2013, the Directors announced that the Company proposes to demerge its property business by:

1.1.1 effecting a distribution *in specie* of all the ordinary shares in the issued share capital of FCL, a wholly-owned subsidiary of the Company, to Shareholders, on the basis of two FCL Shares for each Share held by Shareholders or on their behalf as at the Books Closure Date; and

1.1.2 listing the FCL Shares on the Main Board of the SGX-ST by way of an introduction.

The FCL Distribution is subject to the approval of Shareholders and such other approvals as set out in paragraph 4.2 below.

No payment will be required from Shareholders for the FCL Shares to be received from the FCL Distribution. The FCL Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the FCL Distribution is effected.

A copy of the announcement dated 27 August 2013 on the FCL Distribution is available on the website of the SGX-ST at <http://www.sgx.com>.

LETTER TO SHAREHOLDERS

- 1.2 Circular.** The purpose of this Circular is to provide Shareholders with relevant information relating to the FCL Distribution, including the rationale and the pro forma financial effects of the FCL Distribution on the F&N Group, and to seek Shareholders' approval for the resolution relating to the FCL Distribution to be proposed at the EGM, notice of which is set out on pages 49 to 50 of this Circular.
- 1.3 SGX-ST.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Circular.

2. SUMMARY INFORMATION ON FCL

You should also have received, together with this Circular, the Introductory Document which sets out detailed information on FCL, including its properties and business, selected pro forma financial information and risk factors. Please read the Introductory Document carefully. The following is a summary of selected information on FCL, and should be read in conjunction with the Introductory Document.

- 2.1 FCL.** FCL is headquartered in Singapore and its principal activities are property development, investment and management of commercial property, serviced residences and property trusts. The FCL Group's property portfolio comprises properties located in Singapore and overseas, ranging from residential and commercial developments to shopping malls, serviced residences and office and business space properties, as represented by the following four lead brands/divisions - Frasers Centrepoint Homes (for Singapore residential development properties), Frasers Property (for overseas development properties), Frasers Centrepoint Commercial (for shopping malls, office and business space properties) and Frasers Hospitality (for serviced residences).

Frasers Centrepoint Homes focuses on residential property development in Singapore. As at 30 June 2013, it has built over 11,000 homes in Singapore with more than 7,000 homes under development (including properties under FCL's joint venture projects).

Frasers Property is the international arm of the FCL Group which develops residential and mixed-use property projects outside of Singapore, including in China, Australia, New Zealand, Thailand, and the United Kingdom. China and Australia are the two key overseas property markets for development properties for the FCL Group.

Frasers Centrepoint Commercial manages FCL's shopping malls in Singapore under the Frasers Centrepoint Malls brand. As at 30 June 2013, it manages five shopping malls in Singapore held by FCT, an entity which is listed on the SGX-ST with a market capitalisation of \$1,529 million as at the Latest Practicable Date. In addition, FCL also has interests in and/or manages seven other shopping malls in Singapore, one shopping mall in China and currently has an interest in one shopping mall under development in Australia.

Frasers Centrepoint Commercial also manages office and business space properties. As at 30 June 2013, FCL manages five commercial and office properties in Singapore and Australia held by FCOT, an entity which is listed on the SGX-ST with a market capitalisation of \$822 million as at the Latest Practicable Date. In addition, the FCL Group also has interests in six office and business space properties located in Singapore, China and Vietnam. As at 30 June 2013, FCL has developed six commercial properties.

Frasers Hospitality has interests in and/or manages serviced residences under the branded lifestyle offerings of Fraser Suites, Fraser Place, Fraser Residence, Modena by Fraser and Capri by Fraser, offering, as at 30 June 2013, more than 8,000 apartments in over 30 cities. Based on management contracts secured as at 30 June 2013, more than 6,400 apartments will be added to Frasers Hospitality's portfolio of serviced residences over the next three years.

LETTER TO SHAREHOLDERS

2.2 Key Features of FCL.

2.2.1 Competitive Strengths

(i) FCL is a Full-Fledged International Real Estate Company Headquartered in Singapore.

FCL is a full-fledged international real estate company with three core businesses focused on residential property, commercial property (comprising office, business and retail space) and hospitality (comprising primarily extended-stay residences). In addition, FCL is a sponsor and manager of two REITs listed on the SGX-ST, FCT and FCOT, that are focused on retail properties and office and business space properties respectively. FCL has extensive experience and a long track record in property development (since 1980), property management (since 1983) and investment management (since 2006).

FCL's diversified portfolio includes residential projects in Singapore, Australia, China, New Zealand, Thailand and the United Kingdom, commercial assets comprising retail malls, offices and business space in Singapore, Malaysia, Vietnam, China and Australia, serviced residences in Asia, Europe, Australia and the Middle East, as well as equity interests in REITs listed in Singapore and Malaysia. FCL's capabilities enable FCL to participate in and extract value from the entire real estate value chain, encompassing asset origination, project development, leasing, operations and property management.

(ii) FCL is Among the Three Largest Residential Developers in Singapore in Terms of New Home Sales, with Significant Developments Overseas.

FCL is one of the top three residential developers in Singapore in terms of new home sales in 2012¹. The residential division in Singapore, Frasers Centrepoint Homes, started in 1993 and has since, as at 30 June 2013, built over 11,000 homes in over 40 projects with more than 7,000 homes under development (including properties under FCL's joint venture projects). In Singapore, FCL's core strength is in the mid-tier and mass market segments which have proven to be relatively more resilient over recent economic cycles.

Through the international property division, Frasers Property, FCL has developed over 20 residential projects in Australia, China, New Zealand, Thailand and the United Kingdom. As of 30 June 2013, FCL has a significant development pipeline in China and Australia, comprising 8,100 homes in two residential projects in Shanghai and Suzhou in China, and 3,300 homes in five residential projects in Sydney and Perth in Australia.

(iii) FCL is One of the Largest Retail Mall Owners and/or Operators in Singapore.

FCL is one of the largest retail mall owners and/or operators in Singapore with a portfolio of 12 urban and suburban malls under management, having a total net lettable area of approximately 2.4 million square feet. FCL has direct interests in six of these malls and another five malls are held through FCT. In addition, FCL also manages one mall owned by a third party.

FCL's position as one of the largest retail mall owners and/or operators in Singapore provides FCL with certain competitive advantages.

(a) FCL is able to offer existing and prospective tenants tailored leasing solutions across multiple urban and/or suburban locations, depending on their business needs. FCL's extensive network of suburban malls allows its retail tenants to tap a large cross-section of the Singapore population in locations that are highly convenient to their homes.

¹ Source: The Straits Times news release dated 12 February 2013 and entitled "Far East sold most private homes this year".

LETTER TO SHAREHOLDERS

- (b) FCL enjoys economies of scale in property leasing and operations, and the ability to share best practices across a large portfolio of retail space.

In addition to the aforesaid competitive advantages, FCL has created value through asset enhancement initiatives undertaken at Anchorpoint, Northpoint and Causeway Point malls which have contributed to a net value creation of about \$165 million in the respective initial year after such asset enhancement initiatives based on the increase in the respective mall's net property income.

- (iv) **FCL Owns and Manages a Portfolio of Office, Business and Logistics Space in Four Countries.**

FCL owns and manages over 4 million square feet of net lettable office, business and logistics space in 11 offices and business parks in Singapore, Canberra, Chengdu, Ho Chi Minh City and Perth. FCL has direct interests in six of these commercial properties and the remaining five are held through FCOT.

- (v) **FCL is a Leading Hospitality Operator in the Extended Stay Market Worldwide, excluding North America.**

Frasers Hospitality is a scalable hospitality operation with presence in over 30 cities worldwide, managing more than 8,000 apartments under a family of five brands, as at 30 June 2013.

Based on management contracts secured as at 30 June 2013, over 6,400 apartments will be added to Frasers Hospitality's portfolio of serviced residences over the next three years. This will double FCL's presence in China to 23 hospitality properties within the next three years, strengthening FCL's presence in Beijing, Shanghai, Guangzhou and Shenzhen as well as important second-tier Chinese cities such as Wuxi, Wuhan and Chengdu.

The value of Frasers Hospitality to FCL and FCL's shareholders is set out as follows:

- (a) the international footprint of Frasers Hospitality was achieved through years of painstaking effort, and cannot be easily replicated by new entrants to this sector without significant investment in talent, time and branding. These factors provide FCL with a competitive advantage, having been one of the early movers in the serviced residence industry in Asia;
- (b) many of the properties managed by Frasers Hospitality are in prime locations which were secured after extensive negotiations with vendors and/or property owners, as the case may be. Because prime locations are difficult to secure once a desirable city precinct has matured, FCL's incumbent position in a sought-after location strengthens its value proposition to guests and sustains the capital values of those properties that FCL owns; and
- (c) FCL's family of brands is well-recognised by the market and the brands cater to important segments of business travellers in the long-stay and short-stay markets who have differing requirements for luxury, amenities and length of stay. Three of its brands, namely Fraser Suites, Fraser Place and Fraser Residence, have been established for over 10 years, and cater to the extended-stay hospitality market with a range of formats suitable for those staying with or without families. FCL's two newer brands, Modena by Fraser and Capri by Fraser, were launched to offer fresh formats for a new generation of travellers whose business and leisure hours have inter-mingled and/or who seek the facilities and services of a deluxe hotel combined with the convenience and extra space of a full serviced residence.

LETTER TO SHAREHOLDERS

(vi) FCL is Well Capitalised and Has Sufficient Financial Resources to Fund Expansion.

Based on the pro forma accounts of the FCL Group as at 30 June 2013, FCL is well capitalised and has sufficient financial resources to fund expansion. FCL has:

- (a) a net debt to equity ratio of 0.37 times;
- (b) more than \$0.98 billion of cash and cash equivalents;
- (c) undrawn credit facilities and a multicurrency medium term note programme exceeding \$1.77 billion; and
- (d) shareholders equity of \$5.85 billion.

The strength of FCL's balance sheet is a competitive advantage given the capital intensive nature of the property business. These financial resources give FCL flexibility to fund future growth and tap investment opportunities, which include tendering for raw land to develop residential projects, asset enhancement initiatives for existing retail and commercial properties and/or purchasing suitable retail, commercial or hospitality assets.

(vii) FCL's REIT Platforms Facilitate Efficient Recycling of Capital to Pursue New Opportunities.

FCL's two listed REITs, FCT and FCOT, have served as proven funding platforms for FCL to divest mature, stable yield retail and commercial assets, thereby facilitating the recycling of capital which can be redeployed to pursue new opportunities as they arise. As at 30 June 2013, FCL has received gross proceeds totalling \$1.31 billion from the sale of five retail malls, namely Causeway Point, Northpoint, Anchorpoint, YewTee Point and Bedok Point, to FCT, and further capital can be recycled if and when FCL divests further retail malls to FCT. FCL directly owns retail and commercial properties with an aggregate appraised value of \$2,374 million as at 30 June 2013, which could potentially form a pipeline for injection into FCL's REITs in the future. An example of this would be Changi City Point, a 50:50 joint venture development with Ascendas Land.

(viii) FCL's Asset Portfolio Provides Visible Streams of Residential Income Supported by a Good Base of Recurring Income from its Retail, Commercial and Hospitality Businesses.

FCL's residential business is expected to provide visible income while recurring income from its retail, commercial and hospitality businesses are expected to contribute to fairly stable cash flows in the next few years.

- (a) **Residential.** As at 30 June 2013, FCL has pre-sold apartments in Singapore and overseas which are expected to deliver approximately \$3.3 billion of revenue over the next three to four financial years, of which \$2.4 billion is attributable to Singapore residential pre-sales and \$0.9 billion is attributable to overseas projects, principally from Australian residential pre-sales. Based on FCL's historical residential pre-sales, FCL expects a low level of default from its pre-sales.

LETTER TO SHAREHOLDERS

- (b) **Retail Malls.** FCL will continue to receive recurring rental and property management income derived from the six retail malls that FCL has direct interests in, plus recurring REIT management fee from FCL's management of FCT and distribution income through the interest FCL has in FCT as at the Latest Practicable Date, which owns another five retail malls. FCT recorded growth in net property income in each of the past five financial years, from \$56.6 million in FY2008 to \$104.4 million in FY2012, while distributable income rose from \$45.2 million to \$82.3 million over the same period. Income from many of FCL's suburban malls remained resilient during recent economic slowdowns owing to many of their tenants' focus on non-discretionary spending market and dominant presence in their respective catchment areas.
- (c) **Office and Business Space.** FCL will continue to receive rental and property management income derived from the six office properties that FCL has direct interests in, plus recurring REIT management fee from FCL's management of FCOT and distribution income through the interest FCL has in FCOT as at the Latest Practicable Date, which owns another five office properties. Revenue derived from its directly owned office properties has increased steadily over the past 5 years, from \$17.5 million in 2008 to \$35.2 million in 2012. Since FCL acquired an equity interest in and assumed management of FCOT in 2008, FCOT has recorded growth in net property income from \$81.0 million in FY2008 to \$102.5 million in FY2012, while aggregate income distributable to unitholders and convertible perpetual preferred units holders rose from \$45.8 million to \$61.9 million over the same period.
- (d) **Hospitality.** As at 30 June 2013, FCL received rental income derived from 14 serviced residences/hotel residences which FCL has direct interest in and attributable net profits for 9 months amounting to \$18.7 million. In order to expand FCL's income generating capacity while conserving capital, most of the serviced residences FCL manages are owned by third parties. FCL generates recurring fee income from the management of such serviced residences.
- (ix) **FCL's Asset Portfolio Value has Further Potential to Grow Through Asset Enhancement Initiatives and Redevelopment of its Investment Properties.**

The numerous assets in FCL's portfolio are at different stages of maturity.

Relatively mature retail and office properties may benefit from asset enhancement initiatives from time to time, subject to requisite approvals, and such initiatives may enhance their value through re-positioning to adapt to changing tenant demand and visitor traffic and/or through additional gross floor area available for lease.

For example, FCL has created additional value through asset enhancement initiatives undertaken at Anchorpoint, Northpoint and Causeway Point malls which have contributed to a net value creation of about \$165 million in the respective initial year post such asset enhancement initiatives based on the increase in the respective mall's net property income. While the relevant assets belong to FCT, FCL's subsidiary, Frasers Centrepoint Asset Management Ltd, being the REIT manager for FCT, is responsible for the formulation and execution of asset management strategies for FCT, including undertaking asset enhancement initiatives in relation to FCT's assets.

The proposed asset enhancement initiative to rejuvenate China Square Central, if approved and implemented, would include the addition of 16,000 square metres of gross floor area for hotel use, subject to re-zoning of the site from white with a stipulated gross plot ratio of 4.2 to white without a stipulated gross plot ratio, and this could contribute further distributable income in the years ahead. The uses allowed in white sites are very broad: commercial, residential, hotel, sports and recreation

LETTER TO SHAREHOLDERS

or any mix of these uses. The current approved gross plot ratio for China Square Central is 4.2. Plot ratio is the quotient of gross floor area over site area. As part of the asset enhancement initiative to rejuvenate China Square Central, FCOT has obtained from the Urban Redevelopment Authority the provisional permission on 28 May 2013 for the proposed additions and alterations to the existing commercial development at China Square Central and the erection of a new hotel block with additional gross floor area of 16,000 square metres. As the site is currently zoned as a white site with a stipulated gross plot ratio of 4.2 under the Urban Redevelopment Authority Master Plan, the grant of the provisional permission is therefore subject to a re-zoning to a white site without a stipulated gross plot ratio. To comply with this, FCOT has since made payment of \$3,210 to the Urban Redevelopment Authority for the Master Plan Amendment on 30 July 2013. As the provisional permission has a validity period of 6 months, FCOT has up to 6 months to make a submission to the Urban Redevelopment Authority for written permission for the proposed additions and alterations to the existing commercial development at China Square Central and the erection of a new hotel block.

In addition, some of FCL's investment properties that FCL directly owns such as The Centrepoint, Robertson Walk and Valley Point, are prime properties located around Orchard Road, Robertson Quay and River Valley district respectively, and have considerable potential for redevelopment and/or asset enhancement which will in turn unlock intrinsic value to FCL's shareholders.

FCL is one of the few international developers with residential, retail and commercial business exposure. FCL's project design, execution and delivery capabilities of its various businesses are attested to by the technically demanding large-scale projects that FCL has undertaken and by the awards and accolades FCL has garnered over the years. Consequently, FCL is able to leverage on its experience and capability as a multi-segment real estate developer to secure large scale and complex mixed-use projects which would otherwise elude those without such expertise.

For example, Changi City which was jointly developed by FCL, is Singapore's largest integrated business park development to-date, spanning 4.7 hectares and offering 207,000 square feet of net lettable retail space on three floors, a nine-storey office tower with 650,000 square feet of net lettable floor area, and a 313-room hotel operated under the Capri by Frasers brand. FCL is also jointly developing Central Park, a AUD2.0 billion mixed-use development in Sydney, Australia. Central Park occupies a 5.8 hectare parcel of inner-city land and will offer approximately 2,100 apartments in seven residential towers, student accommodation, 50,000 square metres of office space, 20,000 square metres of retail facilities, restoration and adaptive re-use of heritage items, and a 6,400 square metres public park. Central Park will feature low-carbon environmentally sustainable central thermal energy plant and water recycling facilities, that puts it at the forefront of sustainable precinct and community developments in Sydney, Australia. Central Park constitutes one of the largest urban land regeneration projects in Australia.

(x) FCL has a Well-Established Brand and Reputation.

Since FCL developed its first shopping mall, The Centrepoint, in Singapore in 1983, FCL has built a strong reputation in cities such as Singapore, Sydney and Perth, and won numerous awards.

Frasers Centrepoint Homes has scored high values and received numerous awards for excellence in design and features. FCL has also been awarded Construction Excellence, an award developed by the Building and Construction Authority in co-operation with major public sector agencies and various leading industry professional bodies to measure workmanship quality in a completed building.

LETTER TO SHAREHOLDERS

Frasers Centrepoint Malls was a finalist in the Sales Promotion & Events category of the International Council of Shopping Centre Asia Pacific Shopping Centre Awards (2012) which recognises excellence within the region's shopping centre industry, whereby awards were given for outstanding achievement in marketing and design/development of retail properties.

Frasers Centrepoint Malls has also been recognised to have gone the extra mile to welcome families through family-friendly strategies, facilities and service touch points.

FCT is recognised for its strength in investor relations and corporate governance. FCT was awarded the "Grand Prix for best overall investor relations (mid/small cap)" at the IR Magazine Awards South East Asia 2012 and was voted "Singapore's Best Mid-Cap" in the 11th Finance Asia's "Asia's Best Companies Poll" in 2012. It was also ranked in the top quartile for corporate governance in Asia by CLSA in 2012.

FCL's hospitality operations have won numerous awards across the globe. FCL believes it has well-established brands for its hospitality business, under "The Fraser Collection", "Modena by Fraser" and "Capri by Fraser", and that it can leverage on this branding to open up new opportunities.

(xi) FCL is Backed by a Strong Sponsor which Invests in and Develops a Wide Range of Real Estate Projects Globally.

The TCC Group will be the majority shareholder of FCL at the Proposed Listing.

The TCC Group is among the largest businesses in Southeast Asia and is engaged in a variety of businesses including real estate. The TCC Group invests in and develops a wide range of real estate projects globally, including hotels, office towers, retail centres, residences, serviced apartments, convention centres, golf courses and resorts. As at 30 June 2013, it owns, among others, 17 retail shopping centres with approximately 500,000 square metres of retail space, seven commercial offices with approximately 810,000 square metres of office space, 40 hotels with over 10,000 keys/rooms in Thailand and 10 countries worldwide and over 48,000 acres of land bank for development.

FCL currently enjoys access to the TCC Group's portfolio of assets and has begun to evaluate several opportunities for asset origination, strategic partnerships and collaboration. In addition, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, the ultimate controlling shareholders of the TCC Group, have granted a right of first refusal over any opportunity whether by way of sale, investment or otherwise, in relation to certain businesses referred to and/or made available to the TCC Group from or through any third party sources, and a right to participate in any bidding process in relation to any opportunity whether by way of sale, investment or otherwise, in respect of any of the abovementioned businesses, called by the TCC Group.

Please refer to the section entitled "Interested Person Transactions and Conflicts of Interest – Conflicts of Interest" in the Introductory Document for further details.

(xii) Experienced Board and Management Team with Proven Track Record.

FCL has strong management bench strength in all segments of its property business. FCL's executive officers have proven track records in acquiring, developing, managing, operating and enhancing properties in the residential, retail, business space and hospitality segments.

LETTER TO SHAREHOLDERS

FCL's offices in each of its principal geographies are staffed by experienced management teams familiar with local markets and regulations, thereby enabling it to compete and respond appropriately in the local business context.

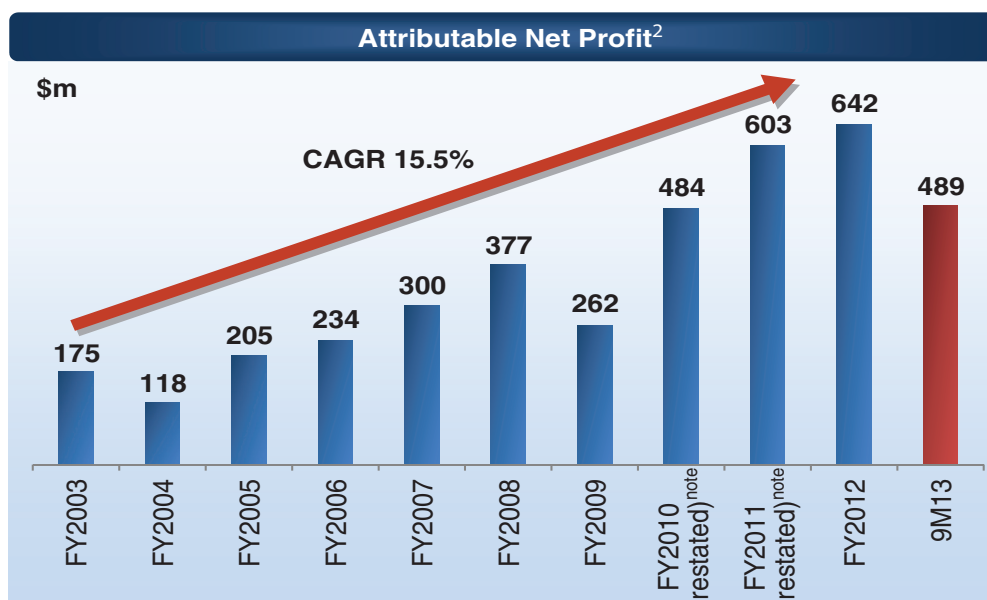
FCL's employees benefit from a human resource program and system that are designed to attract, retain and develop qualified individuals. FCL's training programmes encompass the development of both soft and hard skills backed by positive and constructive individual coaching, and feedback with comprehensive policies and procedures to encourage a learning environment.

2.2.2 Strategies and Future Plans

FCL's strategies are geared towards: (i) achieving sustainable earnings growth, (ii) growing FCL's asset portfolio in a balanced manner, and (iii) optimising capital productivity.

(i) Achieving Sustainable Earnings Growth through Significant Development Project Pipeline, Investment Properties and Fee Income.

Between FY2003 and FY2012, FCL's earnings grew at a CAGR of 15.5 per cent. (after adjustments for exceptional items and changes in fair value of investment properties).



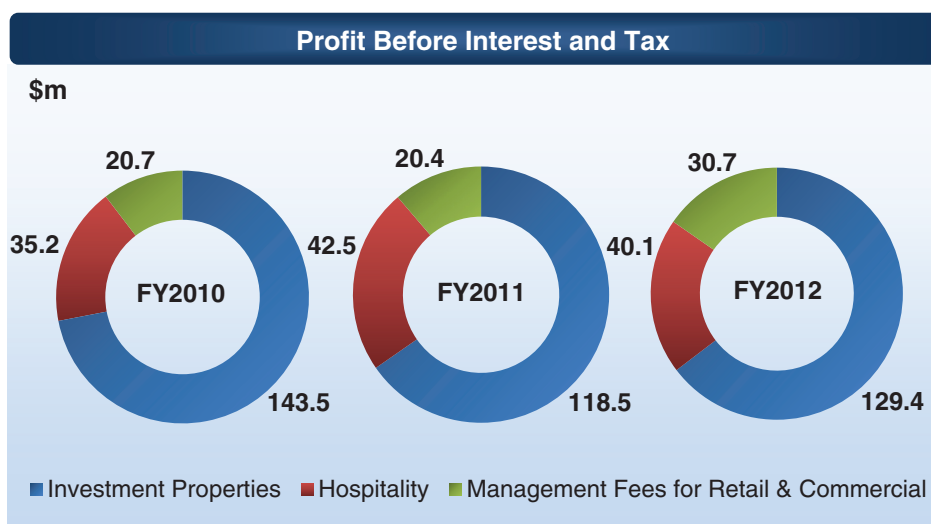
Note: The Attributable Net Profit for FY2010 and FY2011 were restated upon the adoption of INT FRS 115 *Agreements for the Construction of Real Estate*, pursuant to which the FCL Group applied the completion of construction method to account for executive condominium projects and residential development projects under the deferred payment scheme in Singapore, and overseas development projects.

² The Attributable Net Profit included changes in fair value of investment properties from FY2008 upon the adoption of FRS 40, *Investment Property*.

LETTER TO SHAREHOLDERS

FCL will continue to seek sustainable earnings growth through the following property segments:

- (a) **Residential development.** Develop a pipeline of residential projects in Singapore, Australia and China by continually replenishing its land bank through acquisitions of suitable land banks with a view to selling approximately 1,000 units in Singapore and 1,000 units outside Singapore each financial year. FCL aims to maintain a contribution of at least \$200 million of profits from its Singapore residential projects. Over time, FCL plans to grow the contribution from its overseas development business to be approximately the same size as its Singapore business. Whilst the residential development business can be volatile, FCL's approach of driving for high rates of pre-sales and diversifying its portfolio across multiple projects and geographies gives good visibility over its development income over the next 12 to 24 months.
- (b) **Retail, Office and Business Space.** Rental income from properties owned by FCL, together with dividends, management fees and property management income from the two REITs that FCL manages, contribute relatively predictable earnings.

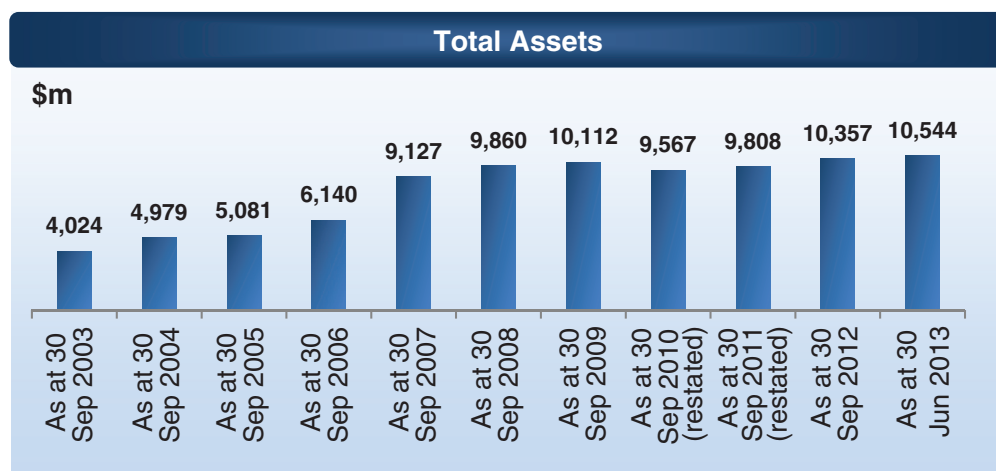


Earnings from FCL's retail, office and business space segment will grow if (i) FCL undertakes successful asset enhancement initiatives, and (ii) expands its portfolio through investments and acquisitions in Singapore and overseas. Recent retail, office and business space developments and acquisitions include (a) Bedok Point (retail development), Changi City (retail, business park and hotel development) and Waterway Point (retail development) in Singapore; and (b) Central Park (retail, office development) and Caroline Chisholm Center (office acquisition) in Australia. There are also opportunities to unlock shareholder value through the redevelopment and/or asset enhancement of some of its existing properties such as 51 Cuppage Road, Robertson Walk and The Centrepoint in Singapore.

LETTER TO SHAREHOLDERS

(ii) **Growing the Asset Portfolio in a Balanced Manner Across Geographies and Property Segments to Preserve Stability of Earnings.**

FCL total assets have grown from \$4.0 billion as at 30 September 2003 to \$10.5 billion as at 30 June 2013.



In the years ahead, FCL envisages growing the asset portfolio in a balanced manner, as follows:

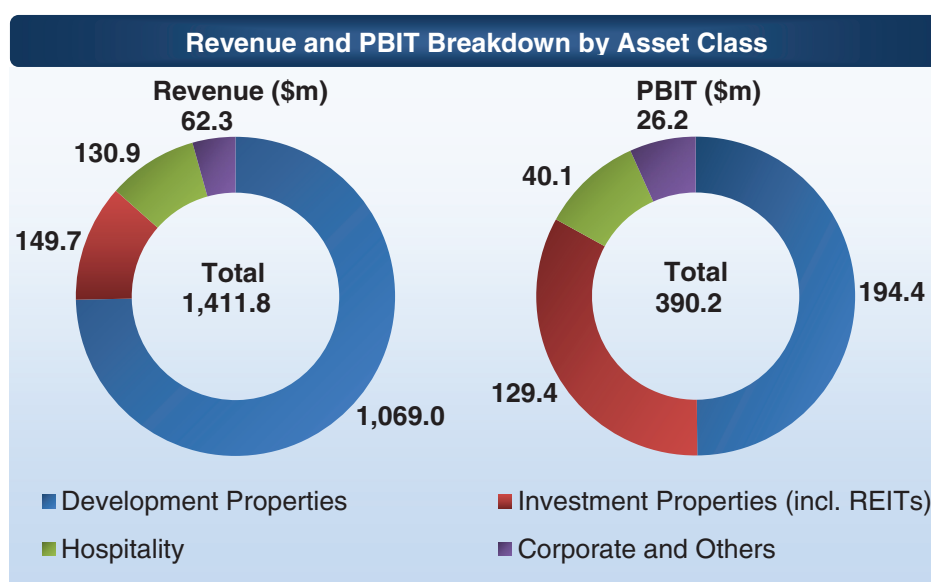
- (a) **Balanced asset portfolio across geographies.** As at 30 June 2013, Singapore accounts for 62 per cent. of FCL's total property assets, while Australia accounts for 16 per cent. and China accounts for 11 per cent.



While Singapore will remain important as FCL's home market, FCL intends to strengthen its presence in China and Australia, which are presently its two other core markets. In China, FCL will explore residential and mixed-use projects in Beijing, Shanghai, Guangzhou and Shenzhen as well as selected second-tier cities such as Wuxi, Wuhan and Chengdu, to tap the growth in domestic consumption. FCL plans to increase its exposure in Australia through development of a broader range of residential products as well as mixed-use urban regeneration projects. FCL also seeks to increase its exposure in Thailand, Malaysia and Vietnam. In Thailand, FCL envisages tapping the domestic market access and insight of the TCC Group to identify and develop suitable projects in various property segments.

LETTER TO SHAREHOLDERS

- (b) **Balanced asset portfolio across property segments.** FCL will avoid undue reliance on any specific property segment by maintaining a balanced asset portfolio in residential land bank, retail malls, office and business space, and hospitality properties. FCL will also diversify its revenues and operating profits across the aforesaid segments. FCL intends to maintain a good level of contribution from retail malls, office and business space, and hospitality properties to balance off the relatively more volatile nature of residential development earnings. In FY2012, the composition of FCL's revenues and PBIT were as follows:



- (iii) **Optimising Capital Productivity through REIT Platforms and Active Asset Management Initiatives.**

In the course of expanding its global footprint, FCL will seek to optimise capital productivity through several means:

- (a) **Discipline in Turning Around FCL's Landbank Acquisitions.** FCL will maintain significant discipline in turning around its landbank acquisitions. In Singapore, the gestation period (time from land acquisition to sales launch) for its residential development projects can be as short as seven months. Overseas, the gestation periods can be longer due to differences in planning processes. However, its objective is to minimise the time taken to launch its projects as much as possible.
- (b) **Redevelopment and/or Asset Enhancement Initiatives.** FCL will embark on redevelopment and/or asset enhancement initiatives to upgrade or re-position retail, office, business space and hospitality properties that FCL currently owns, with a view to improve tenant mix, customer traffic and/or rental rates. Asset enhancement initiatives undertaken at Anchorpoint, Northpoint and Causeway Point malls, have contributed to a net value creation of about \$165 million in the respective initial year after such asset enhancement initiatives based on the increase in the respective mall's net property income. As at the date of this Circular, FCOT has obtained provisional permission from the Urban Redevelopment Authority for its proposed asset enhancement initiatives at China Square Central. Aside from the above, there are currently no concrete plans for any major redevelopment or asset enhancement initiatives. However, FCL is constantly considering the suitability of redevelopment and/or asset enhancement initiatives.

LETTER TO SHAREHOLDERS

- (c) **Asset Light Strategy.** In line with FCL's asset light strategy, mature properties in the retail, office and business space segments that are producing stable rental yields can be divested to FCT and FCOT to recycle capital for new investments and acquisitions which can deliver attractive returns on capital employed. FCL is also exploring the extension of its asset light strategy to its portfolio of hospitality assets through the setting up of a hospitality REIT.³
- (d) **Earning Management Fees Without a Commensurately Large Capital Outlay.** As FCL grows the number of units in its serviced residence business, FCL will, as far as practicable, seek to enter into management contracts with property owners with a view to earning management fees without a commensurately large capital outlay to build or acquire buildings. As at 30 June 2013, 77 per cent. of its serviced residence units are under management, another 3 per cent. are leased and only 20 per cent. are owned. This asset-light approach has enabled FCL to establish a global network of 49 serviced residence properties in over 30 cities without having to deploy excessive capital to build or own properties. The emphasis on management contracts has also enabled FCL to expand its network faster than FCL would otherwise have been able to, had FCL relied heavily on capital expenditure to buy or build serviced residences.

While FCL strives to optimise capital productivity through the above strategies, FCL may make selected investments and acquisitions of properties if FCL is of the view that the capital deployed can be justified in terms of synergy and/or future capital appreciation.

- 2.3 Selected Financial information.** Please refer to the Introductory Document for further financial information on the FCL Group, including the pro forma financial statements of the FCL Group after the FCL Distribution.
- 2.4 Listing.** The FCL Shares will be listed on the Main Board of the SGX-ST by way of an introduction. FCL has received the letter of eligibility from the SGX-ST for the listing and quotation of the FCL Shares on the Main Board of the SGX-ST. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Proposed Listing, the FCL Shares or the FCL Distribution.

3. RATIONALE FOR THE FCL DISTRIBUTION

- 3.1 The FCL Distribution will Enable the Company to Demerge its Property Business from its Food and Beverage and Printing and Publishing Businesses.** The Board believes that the FCL Distribution and the Proposed Listing will benefit the Company, its Shareholders and FCL as follows:

- 3.1.1** enable the Company to focus on its food and beverage business;
- 3.1.2** unlock shareholder value and create investment flexibility for Shareholders;
- 3.1.3** allow Shareholders to participate directly in FCL;

³ While FCL is currently exploring the possibility of injecting part of FCL's portfolio of hospitality assets into a hospitality REIT and has commenced preparatory work in this regard, including assessing the suitability of assets to be injected into the hospitality REIT, the plans for the REIT are still at a preliminary exploratory stage and as of the date of this Circular, FCL has not decided to proceed with the hospitality REIT or to finalise the portfolio to be injected into the REIT or the stake FCL would take in the REIT. If and when there are any material developments in relation to the hospitality REIT, FCL will make the appropriate announcement through SGXNET in accordance with the Listing Manual.

LETTER TO SHAREHOLDERS

3.1.4 establish FCL's financial independence and provide it with direct access to capital markets; and

3.1.5 enhance the public image of FCL.

3.2 Enable the Company to Focus on its Food and Beverage Business. The FCL Distribution will focus the Company as a principally food and beverage business, which would appeal to investors specifically seeking food and beverage exposure and could contribute to a market re-rating of the Company's Shares.

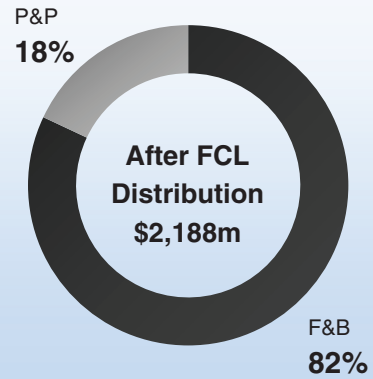
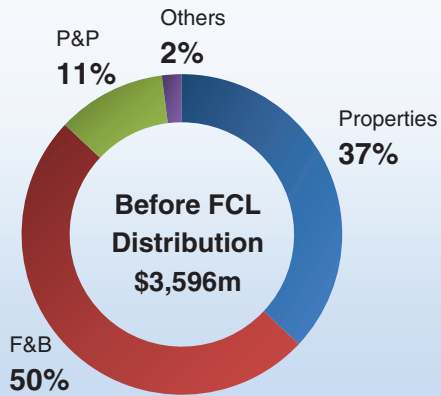
The FCL Distribution allows the Company to focus greater management attention and resources on growth opportunities for the food and beverage business by pursuing strategies best suited to its markets and goals, including mergers and/or acquisitions. Investors may prefer the cash flow generated from the food and beverage business to be used for growing this business and/or distributed to Shareholders.

In general, food and beverage and printing and publishing businesses are typically valued by the market based on cash flow and earnings, whereas property investments and development land banks are typically valued based on revalued net asset value. By separating the property business from the food and beverage and printing and publishing businesses, the demerger enables the market to accord an appropriate value to each of the principal businesses currently held within the F&N Group.

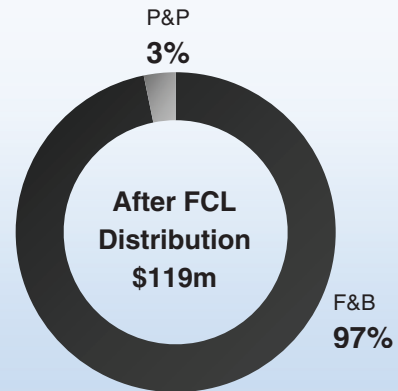
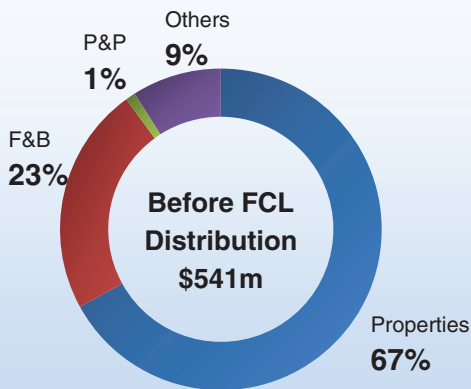
The pie charts below show that for FY2012, the F&N Group derives 50 per cent. of its revenue and 23 per cent. of its PBIT from the food and beverage business. Assuming that the FCL Distribution had occurred on 1 October 2011, these percentages would have increased to 82 per cent. and 97 per cent., respectively. As at 30 September 2012, the food and beverage business accounted for 10 per cent. of F&N Group's total assets. Assuming that the FCL Distribution had occurred on 1 October 2011, this percentage would have increased to 46 per cent.

LETTER TO SHAREHOLDERS

FY2012 Revenue

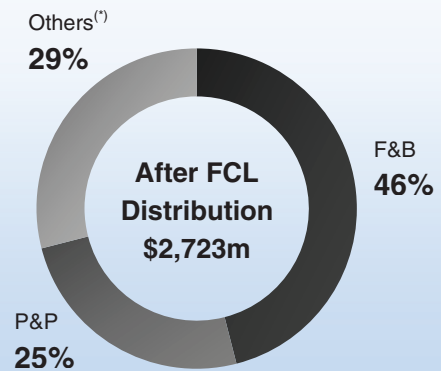
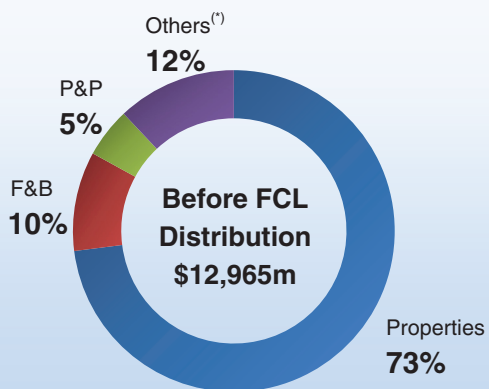


FY2012 PBIT



This chart is based on a PBIT of \$128m as it excludes a loss of \$9.4 million related to Others.

FY2012 Total Assets⁽⁴⁾

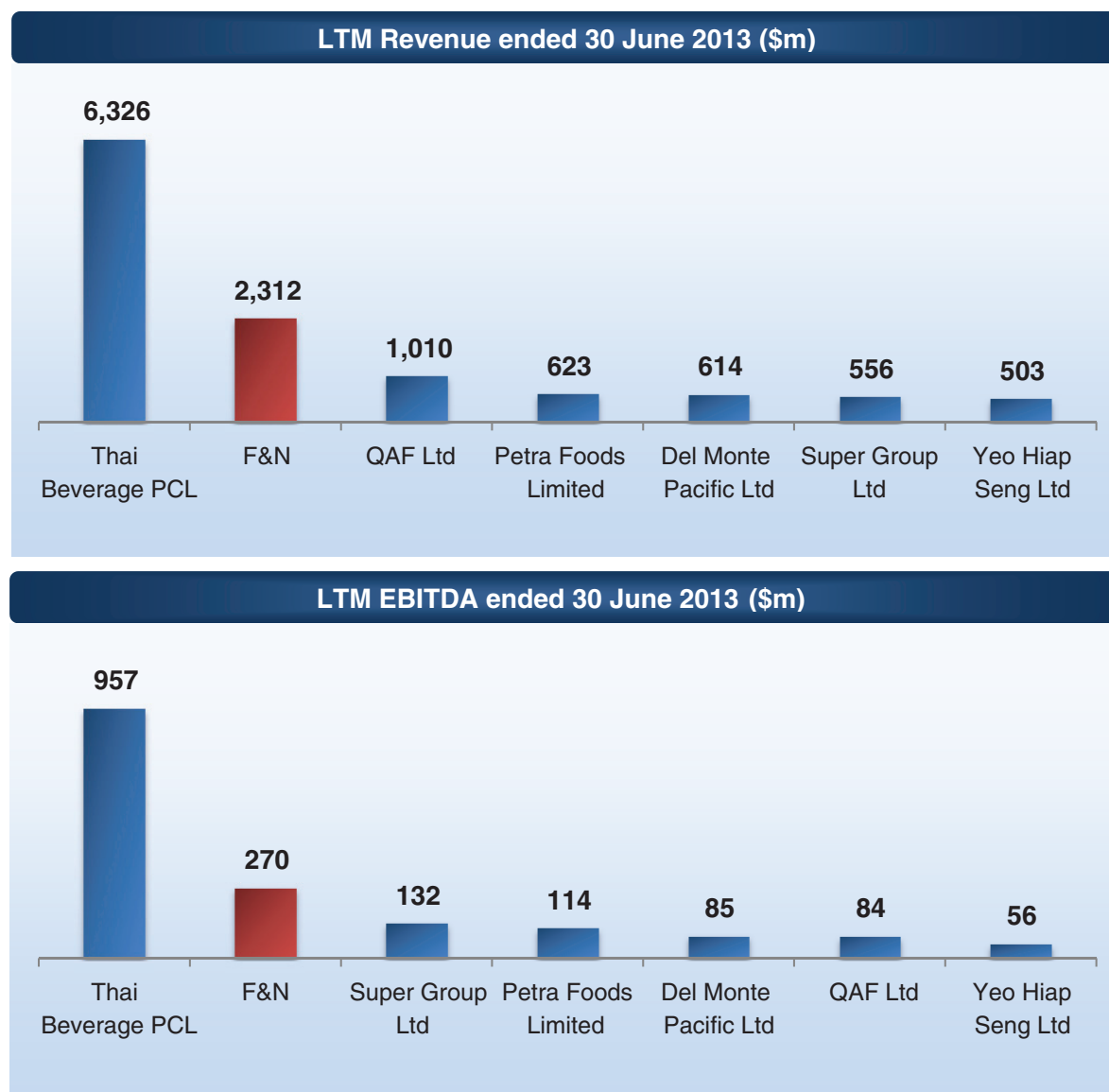


⁴ Adjusted for discontinued businesses as a result of the APB Sale.

^{*} Comprises investments and other assets.

LETTER TO SHAREHOLDERS

After the FCL Distribution, F&N is expected to retain its position among the largest food and beverage companies listed on the SGX-ST in terms of revenue and EBITDA for the last 12 months (“LTM”) ended 30 June 2013, as shown in the chart below.



Source: Company filings

Figures are based on an exchange rate of 1 USD = \$1.2679 and \$1 = 24.5098 THB as at 28 June 2013.

3.3 Unlock Shareholder Value and Create Investment Flexibility for Shareholders. The FCL Distribution and the Proposed Listing will benefit Shareholders by allowing them to unlock and realise value from the distributed FCL Shares, which would otherwise not be possible if the Company had listed FCL directly by way of an initial public offering without the FCL Distribution.

After completion of the FCL Distribution, Shareholders will become direct shareholders of FCL. The FCL Distribution therefore enables Shareholders to individually and directly participate in the ownership of, and enjoy returns from, shares held in two separately listed companies without any additional cash outlay. Shareholders would have the discretion and flexibility to separately decide on their holdings of the Company and FCL in accordance with their individual investment objectives. Shareholders will be able to retain, purchase more, sell all or such number of the FCL Shares as they may in their absolute discretion decide in the open market for cash upon the Proposed Listing. However, there is no assurance that the combined market value of the Shares and FCL Shares held by investors following the FCL Distribution would be equal to or more than the market value of the Shares held by investors before the FCL Distribution.

LETTER TO SHAREHOLDERS

3.4 Allow Shareholders to Participate Directly in FCL. Following the FCL Distribution, FCL will be operated independently from the Company. The board of directors of FCL, together with shareholders, will be able to:

- 3.4.1** have full autonomy over FCL's business processes and organisation, management control and performance;
- 3.4.2** independently establish FCL's own business direction and identities;
- 3.4.3** pursue and fund FCL's own growth strategies; and
- 3.4.4** focus on FCL's own strategic opportunities.

In addition, the FCL Distribution is expected to improve FCL's management accountability to shareholders, since FCL's results will be independent from the Company's results.

In conjunction with the Proposed Listing, FCL has established a performance share plan and a restricted share plan known respectively as the FCL Performance Share Plan (the "**FCL Performance Share Plan**") and the FCL Restricted Share Plan (the "**FCL Restricted Share Plan**," together with the FCL Performance Share Plan, the "**FCL Share Plans**"). With the FCL Share Plans, the FCL management will be aligned with the performance of the FCL Shares. Details of the FCL Share Plans are set out in the Introductory Document.

3.5 Financial Independence and Direct Access to Capital Markets for FCL. FCL's business is capital intensive in nature and its ability to grow, develop and invest in properties depends largely on capital spending. Following the FCL Distribution and the Proposed Listing, both the Company (consisting of the food and beverage and printing and publishing businesses) and FCL will be analysed and valued on their own respective merits, risks and strategies. FCL will enjoy greater corporate visibility and be better able to independently and directly access capital markets to benefit from specific economic conditions and/or exclude specific risks that the F&N Group may be exposed to.

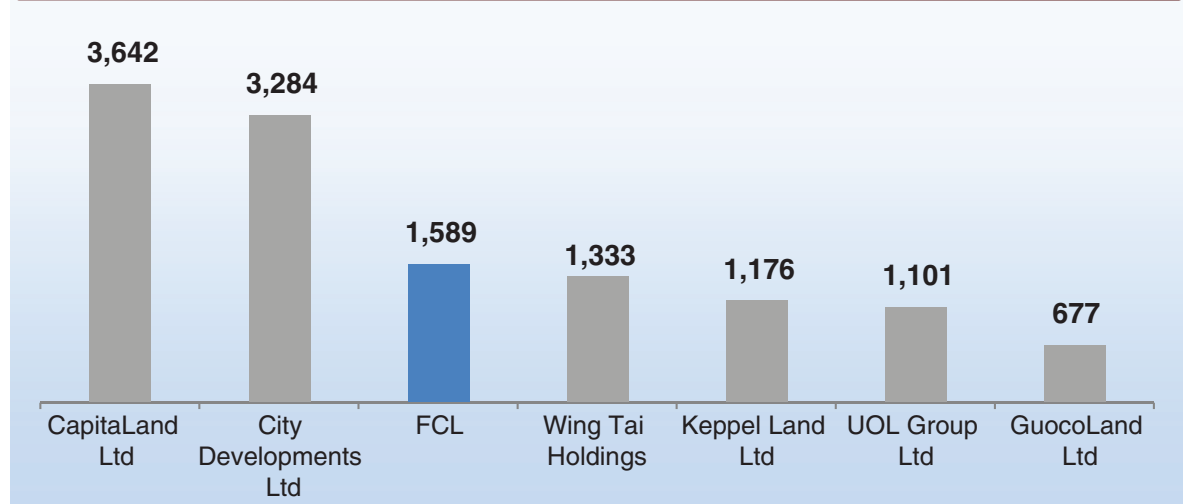
3.6 Enhance the Public Image of FCL. FCL is an established property player and has successfully built well-known lead brands/divisions represented by Frasers Centrepoint Homes, Frasers Property, Frasers Centrepoint Commercial and Frasers Hospitality. The FCL Distribution and the Proposed Listing are expected to enhance FCL's profile as an independently-listed company by focusing investors' attention on FCL's businesses both locally and internationally. This will support FCL in relation to:

- 3.6.1** its expansion in the residential and commercial property development sectors in its two overseas core markets of China and Australia; and
- 3.6.2** the expansion of its hospitality business globally, including growing its Frasers Hospitality franchise by procuring additional management contracts.

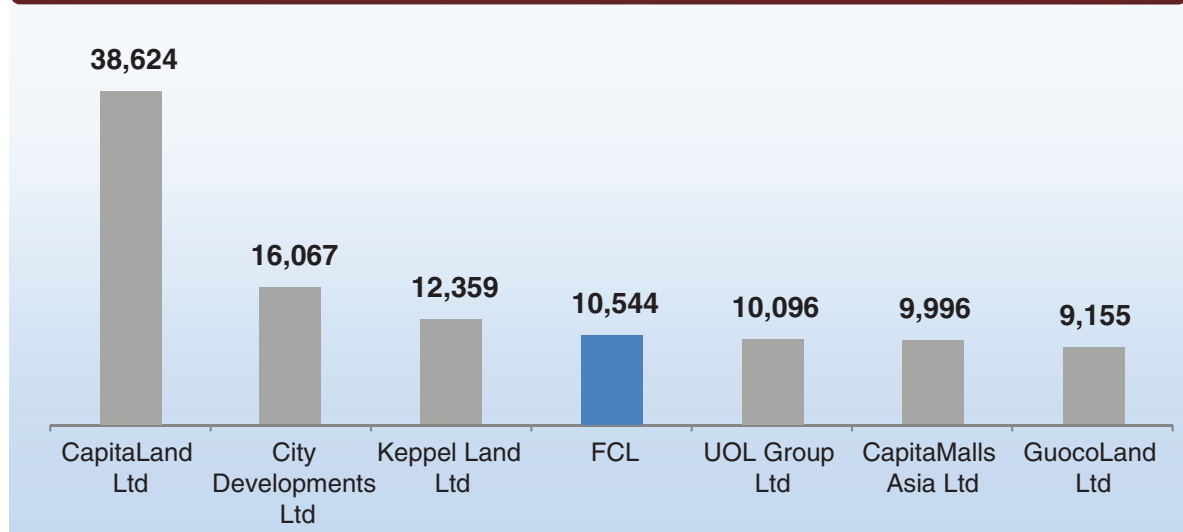
LETTER TO SHAREHOLDERS

Following the FCL Distribution and the Proposed Listing, FCL is expected to rank among the largest property players listed on the SGX-ST in terms of revenue for the LTM ended 30 June 2013 and total assets as at 30 June 2013.

LTM Revenue ended 30 June 2013 (\$m)



Total Assets as at 30 June 2013 (\$m)



Source: Company filings

LETTER TO SHAREHOLDERS

4. DETAILS OF THE FCL DISTRIBUTION

4.1 Key Steps. The FCL Distribution involves the distribution by the Company of all the FCL Shares held by the Company, comprising 100 per cent. of the issued FCL Shares, to Shareholders in the proportion of two FCL Shares for each Share held by Shareholders or on their behalf as at the Books Closure Date. The FCL Distribution will be effected by way of a dividend *in specie* and the Company will implement the following in conjunction with the FCL Distribution.

4.1.1 Corporate Restructuring. Immediately prior to the Corporate Restructuring (as described below), the issued ordinary share capital of FCL was \$753,976,920.36 comprising 753,291,782 issued FCL Shares and the issued preference share capital of FCL was \$330,000,000 comprising 330,000 redeemable preference shares, all of which were held by the Company. The Company has subscribed for 330,000,000 new FCL Shares (the “**Initial Capitalisation**”) for a total subscription amount of \$330 million using internal cash resources. FCL has redeemed all the redeemable preference shares currently held by the Company in FCL for an aggregate amount of \$330 million (the “**Preference Shares Redemption**”). In addition, the Company will undertake the following:

- (i) immediately prior to the Proposed Listing, the Company will subscribe for new FCL Shares (the “**Additional Capitalisation**”, and together with the Initial Capitalisation, the “**FCL Capitalisation**”) for a total subscription amount of \$0.67 billion. The total number of new FCL Shares to be issued under the Additional Capitalisation will be such that the total number of FCL Shares held by the Company after the Additional Capitalisation will be equivalent to the total number of FCL Shares to be distributed pursuant to the FCL Distribution. The exact number of new FCL Shares to be issued pursuant to the Additional Capitalisation will depend on the total number of Shares held by Shareholders as at the Books Closure Date; and
- (ii) F&NT has extended loans to the FCL Group (the “**Loans**”) from time to time for various purposes. As at the Latest Practicable Date, the aggregate amount outstanding on the Loans was \$2.037 billion. This amount is expected to increase and to reach approximately \$2.307 billion by the end of November 2013. Immediately prior to the Proposed Listing, \$0.67 billion of the Loans will be repaid with equity injected by the Company pursuant to the Additional Capitalisation while the remaining loans of approximately \$1.637 billion will be transferred (for consideration) by F&NT (as lender) to FCLT, which consideration will be funded by drawing down on bank loans,

(together with the Initial Capitalisation and the Preference Shares Redemption, the “**Corporate Restructuring**”).

As at the Latest Practicable Date, the Company has 1,441,519,436 Shares in issue (excluding 4,100 treasury shares). In addition, up to 4,696,809 new Shares (“**2013 Award Shares**”) could be issued on or prior to 31 December 2013, pursuant to outstanding awards of Shares granted pursuant to the F&N Share Plans (“**Share Awards**”). The 2013 Award Shares are the maximum number of Shares that may be issued by 31 December 2013 pursuant to outstanding Share Awards. However, the 2013 Award Shares may or may not be issued by the Books Closure Date. If the 2013 Award Shares are issued by the Books Closure Date, the holders of the 2013 Award Shares will be entitled to FCL Shares pursuant to the FCL Distribution as well, on the basis of two FCL Shares for each Share, thereby necessitating more FCL Shares to be issued. Consequently, the number of Shares may increase depending on the number of the 2013 Award Shares which are issued by the Books Closure Date.

LETTER TO SHAREHOLDERS

Assuming that there is no change to the number of issued Shares as at the Books Closure Date, the number of FCL Shares to be issued pursuant to the FCL Capitalisation is 2,129,747,090 FCL Shares. Assuming that all the 2013 Award Shares are issued on or prior to the Books Closure Date, the number of FCL Shares to be issued pursuant to the FCL Capitalisation is 2,139,140,708 FCL Shares.

Pursuant to the Corporate Restructuring, FCL will have a total issued share capital of \$1,754 million comprising a minimum of 2,883,038,872 FCL Shares and a maximum of 2,892,432,490 FCL Shares, which will be held in its entirety by the Company prior to effecting the FCL Distribution.

4.1.2 Appropriation from Retained Profits. To effect the FCL Distribution as a dividend *in specie*, the Company will appropriate an amount of approximately \$2,911 million out of the retained profits of the Company⁵ to meet the dividend to be declared based on the carrying value of the FCL Shares (after the Corporate Restructuring) in the accounts of the Company. In the consolidated accounts of the F&N Group, the net assets of FCL will be approximately \$5,850 million after the Corporate Restructuring. After the FCL Distribution, a corresponding reduction of \$5,850 million will be made from the retained profits of the F&N Group on a consolidated basis.⁶

While the FCL Shares in the Company's accounts are stated at cost, the value of the FCL Shares in the consolidated accounts of the F&N Group is higher as such value is determined on the basis of the net asset value of FCL which includes profits from the operations of the FCL Group in compliance with the requirements of the accounting standards for the preparation of the consolidated accounts of the F&N Group.

4.1.3 Distribution. The FCL Distribution will be effected by the distribution of all the FCL Shares which will be held by the Company after the completion of the Corporate Restructuring, representing all the issued FCL Shares, to Shareholders by way of a dividend *in specie*, on the basis of two FCL Shares for each Share held by a Shareholder or on their behalf as at the Books Closure Date. The FCL Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the FCL Distribution is effected.

4.1.4 Proposed Listing. The FCL Shares will be listed on the Main Board of the SGX-ST. Shareholders who have received the FCL Shares pursuant to the FCL Distribution will then hold listed investments in both the Company and FCL.

4.2 Conditions to the FCL Distribution. The FCL Distribution and the completion thereof is subject to:

4.2.1 the approval of Shareholders by way of an ordinary resolution for the FCL Distribution at the EGM;

4.2.2 the eligibility to list letter from the SGX-ST for the listing and quotation of the FCL Shares on the Main Board of the SGX-ST having been obtained and not having been revoked or withdrawn. FCL has received such eligibility to list letter from the SGX-ST. Please refer to paragraph 2.4 above for further details; and

⁵ The retained profits of the Company immediately after the capital reduction effected by the Company on 25 July 2013 is approximately \$3,230 million.

⁶ The retained profits of the F&N Group immediately after the capital reduction effected by the Company on 25 July 2013 is approximately \$6,132 million.

LETTER TO SHAREHOLDERS

- 4.2.3** the approval being given by the New Zealand Overseas Investment Office (the “**OIO**”) in relation to the overseas investment (as a result of the FCL Distribution) in certain land held by the FCL Group that is classified as “sensitive land” under the Overseas Investment Act 2005 (the “**OIA**”). Approval is required under New Zealand’s overseas investment controls by overseas investors acquiring directly or indirectly land classified as sensitive land under the OIA. As the FCL Group owns interests in sensitive land, the FCL Distribution will result in overseas persons acquiring an indirect interest in such land and accordingly approval is required from the OIO. The application for such approval was made on 27 September 2013 and can take up to 70 working days for a decision to be issued.
- 4.3 Impact of Facilities.** The Company has established a \$1,000,000,000 multicurrency medium term note programme (the “**Programme**”) and has given guarantees in respect of the notes to be issued pursuant to the \$2,000,000,000 multicurrency medium term note programme (the “**F&NT Programme**”) established by F&NT as well as \$300,000,000 bonds (the “**Bonds**”) issued by F&NT in 2011. Currently, \$150,000,000 of notes remain outstanding under the Programme and \$358,250,000 of notes remain outstanding under the F&NT Programme. Under the terms of the notes issued pursuant to the Programme, the notes issued pursuant to the F&NT Programme, the Bonds and certain loan facilities guaranteed by the Company (together, the “**Facilities**”), the Company has undertaken that, *inter alia*, it will not dispose of all or any material part of its assets, subject to certain exceptions. Further, it is an event of default under some of the Facilities if, *inter alia*, the Company ceases (or in some cases, threatens to cease) a substantial part of the Company’s business. The Company is in the process of seeking the relevant consents, approvals and waivers in relation to the FCL Distribution and may discharge the Facilities in full. Should the Facilities need to be redeemed and/or repaid or otherwise discharged, the Company will have sufficient resources to meet its obligations in full under the Facilities. The total outstanding under the Facilities is approximately \$1.4 billion. The F&N Group expects to receive approximately \$1.678 billion in cash from the FCL Group to settle existing inter-company loans given by F&NT to the FCL Group. In addition, the Company has approximately \$900 million cash in hand. This is sufficient to repay all outstanding liabilities under the Facilities.
- 4.4 Effects of the FCL Distribution.** The effect of the FCL Distribution is to distribute the FCL Shares held by the Company on the basis of two FCL Shares for each Share held by Shareholders or on their behalf as at the Books Closure Date. On completion of the FCL Distribution and the Proposed Listing, the Company will cease to hold any FCL Shares and Shareholders will hold listed shares in both the Company and FCL. **The FCL Distribution will not result in any change to the issued and paid up share capital of the Company after the FCL Distribution or to the number of Shares held by a Shareholder.**
- 4.5 Crediting the FCL Shares.** Subject to the conditions in paragraph 4.2 above being satisfied, the Securities Accounts of Shareholders who are Depositors will be credited with FCL Shares. Shareholders who are not Depositors will be credited with FCL Shares by the entry of their names on the Register of FCL to be maintained by the share registrar of FCL. Please refer to paragraph 5 below for further details.
- 4.6 Taxation.** Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the FCL Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.
- 4.6.1 Tax implications for the Shareholders.** As the Company is tax resident in Singapore, dividends paid by the Company (whether paid in the form of cash or by way of distribution *in specie* of the Company’s assets) are tax exempt (one-tier) dividends which are exempt from Singapore income tax in the hands of the Shareholders. Accordingly, as the FCL Distribution is a dividend *in specie*, it will be exempt from Singapore income tax when received by Shareholders.

LETTER TO SHAREHOLDERS

4.6.2 Stamp Duty. The Company will bear stamp duty, if any, chargeable for the transfer of the FCL Shares by the Company to Shareholders pursuant to the FCL Distribution. Stamp duty is not ordinarily payable if the transfer of FCL Shares from the Company to a Shareholder is effected through CDP since there will be no instrument of conveyance, transfer or assignment involved. However, stamp duty is payable where instruments of conveyance, transfer or assignment are required to transfer the FCL Shares which are in the form of physical share certificates and the total amount of stamp duty payable by the Company will be based on the market value of the FCL Shares (as derived from the net asset value of the FCL Shares since the FCL Shares will be distributed prior to the Proposed Listing) and the number of Shareholders who will receive the FCL Distribution Shares in the form of physical share certificates.

4.7 Financial Effects and Pro Forma Balance Sheets. The pro forma financial effects of the FCL Distribution are set out in Appendix 1 to this Circular. The pro forma financial effects are for illustration purposes only and do not reflect the actual financial position of the F&N Group after the FCL Distribution. The pro forma profit statement and balance sheet of the F&N Group after the FCL Distribution are set out in Appendix 2 to this Circular. The pro forma financial effects of the FCL Distribution and the pro forma profit statement and balance sheet of the F&N Group have been prepared on the assumption that the Facilities have been fully discharged.

4.8 Principal Value Contributors in FCL

4.8.1 Full-fledged International Real Estate Company with Strengths in Residential, Commercial, REIT Management and Hospitality. The equity value of FCL will be underpinned by contributions from three principal business activities:

- (i) development and sale of residential properties in Singapore, Australia, China and other countries;
- (ii) development and management of commercial properties, comprising retail malls, offices, business spaces and logistics spaces, and fee income from management of REITs and properties; and
- (iii) development and management of serviced residences and provision of management services for serviced residences owned by third parties.

4.8.2 Residential Properties Development. Between 1 January 2011 and 30 June 2013, the FCL Group sold in excess of 8,000 residential units (including properties under joint venture projects).

As at 30 June 2013, the aggregate book value of residential development properties held for sale is \$4,041 million. The aggregate revenue streams from residential units already sold but not yet recognised in FCL's accounts are tabulated below. Details of the current residential projects are listed in the Introductory Document.

Unrecognised Revenue from Pre-sold Properties (\$m)	
Singapore	2,413
Australia	798
China	137
Total	3,348

LETTER TO SHAREHOLDERS

As at 30 June 2013, the development land banks owned by the FCL Group in Singapore, Australia and China (details of which are in the Introductory Document) are summarised below:

	Landbank		
	Estimated saleable area (million square feet)	Estimated number of units	Gross Development Value ("GDV")(\$m) ⁷
Singapore	0.75	746	757 ⁸
Australia	3.95	3,285	2,330
China	12.58	8,766	3,819
Total	17.28	12,797	6,906

4.8.3 Commercial Investment Properties. The FCL Group has interests in 13 retail malls, of which five are held through FCT. It also has interests in 11 commercial office/business space properties, of which five are held through FCOT. Details of these retail malls and commercial office/business space properties are in the Introductory Document.

As at 30 June 2013, the aggregate book value of the non-REIT owned commercial assets is \$2,374 million⁹.

The market capitalisation of FCT and FCOT based on their respective closing prices as at the Latest Practicable Date, one-month VWAP up to the Latest Practicable Date, and their 52-week high and low prices are summarised below:

REITs	FCT		FCOT	
FCL's Equity Interest (%) (as at 30 June 2013)	41.0		27.8	
Market Capitalisation based on: (\$m)				
Equity interest (%)	100.0	41.0	100.0	27.8
Closing Price as at the Latest Practicable Date	1,529	627	821	228
1-month VWAP	1,521	624	818	227
52-week High	1,912	784	1,044	290
52-week Low	1,454	596	771	214

Source: Bloomberg

The FCL Group also derives fee-based income from REIT management and property management services which, for the 12-month period ended 30 June 2013, contributed a PBIT of \$30.1 million.

4.8.4 Hospitality (Serviced Residences) Investment Assets. The FCL Group manages 49 serviced residence properties globally, of which 14 are owned by the FCL Group, details of which are contained in the Introductory Document. As at 30 June 2013, the book value of these investment assets is \$1,650 million¹⁰.

The FCL Group receives management fees for managing serviced residences owned by third parties which, for the 12-month period ended 30 June 2013, contributed a PBIT of \$7.7 million.

⁷ Based on valuations provided which assume the satisfactory completion of the proposed development. FCL's effective share of the GDV is \$4.47 billion.

⁸ This only reflects the GDV from the redevelopment of the Starhub Centre but does not include the GDV from the Fernvale Close project and the Holland Park bungalows.

⁹ Does not include \$94 million of surplus arising from a revaluation of properties held for sale.

¹⁰ Does not include \$43 million of surplus arising from a revaluation of properties held for sale.

LETTER TO SHAREHOLDERS

In line with its business strategy and objectives, FCL considers, from time to time, options and opportunities to unlock shareholder value. As part of its periodic review, FCL has received proposals from investment banks in relation to a hospitality REIT and FCL is considering the establishment of a hospitality REIT to be listed on the Main Board of the SGX-ST. These considerations are ongoing and no decision has been made as to whether the transaction will take place or on the appropriate timing, offering size and assets to be included in such a REIT. As at 30 June 2013, the total value of the hospitality assets of FCL is approximately \$1.65 billion, which is approximately 15.6 per cent. of FCL's total assets as at 30 June 2013. The independent valuation of FCL's hospitality assets is disclosed in Appendix G of the Introductory Document.

4.8.5 FCL Strategies. FCL's strategies are geared towards:

- (i) achieving sustainable earnings growth through significant development project pipeline, investment properties and fee income;
- (ii) growing the asset portfolio in a balanced manner across geographies and property segments to preserve the stability of earnings; and
- (iii) optimising capital productivity through REIT platforms and active asset management initiatives.

Please refer to the Introductory Document for more details on FCL's strategies.

4.9 Principal Value Contributors in F&N Post the FCL Distribution. After the FCL Distribution, F&N will continue to be engaged in two principal core businesses.

4.9.1 Food and Beverage Business Division (the "F&B Division"). The F&B Division produces, markets and sells beer and non-beer beverages and products (the latter including soft drinks, dairy products and ice cream). The F&B Division consists principally of the following:

- (i) 55.9 per cent. equity interest (as at 30 June 2013) in F&NHB which is listed on Bursa Malaysia. F&NHB engages primarily in the manufacture, distribution, marketing and sale of soft drinks and dairy products in Malaysia and Thailand; and
- (ii) privately-held subsidiaries of F&N ("**Unlisted F&B**"), including F&N's soft drinks and dairy businesses in Singapore as well as the ice cream business in Singapore, Malaysia and Thailand. Unlisted F&B also includes privately-held Myanmar Brewery Limited ("**MBL**"), an entity in which F&N holds a 55 per cent. equity interest, which manufactures leading beer brands in Myanmar. The remaining 45 per cent. equity interest in MBL is held by Myanma Economic Holdings Limited ("**MEHL**").

The Company and MEHL are parties to a joint venture agreement relating to MBL, which governs their respective shareholdings in MBL. The Company currently holds 55 per cent. of the issued shares of MBL with the remaining 45 per cent. held by MEHL. MEHL had purported to rely on certain provisions in the joint venture agreement to give notice to the Company to sell to MEHL or its nominee all of the Company's MBL shares. The Company has informed MEHL that the Company's position is that there is no basis for MEHL to give that notice and in any case, MEHL has no basis for the claim. On 9 September 2013, MEHL served on the Company a document entitled "Notice of Arbitration issued pursuant to the Joint Venture Agreement dated 29 March 1995". The Company has since served its "Response to Notice of Arbitration dated 9 September 2013". The Company maintains that there is no basis for MEHL to give that notice. MEHL has taken the position in the dispute

LETTER TO SHAREHOLDERS

that the value of the Company's 55 per cent. shareholding in MBL is US\$246,000,000. Without prejudice to its position that MEHL has no basis to give the notice or make the claim, the Company also does not agree with the propriety or process of the valuation or the amount and has communicated that to MEHL. As at the Latest Practicable Date, there have been no further material developments other than that disclosed above.

The LTM aggregate revenue, attributable profit before exceptional items and LTM PBIT of the Unlisted F&B ended 30 June 2013 and its net cash / debt position as at 30 June 2013 are as follows:

	LTM Revenue (\$m)	LTM Attributable Profit before Exceptional Items (\$m)	LTM PBIT (\$m)	Net Cash (as at 30 June 2013) (\$m)
Unlisted F&B	584	28	74	15

The market capitalisation of F&NHB based on the closing price as at the Latest Practicable Date, one-month VWAP up to the Latest Practicable Date, and the 52-week high and low prices are summarised below:

F&NHB		
F&N's Equity Interest (%) (as at 30 June 2013)		55.9
Market Capitalisation based on: (\$m)		
Equity interest (%)	100.0	55.9
Closing Price as at the Latest Practicable Date	2,665	1,490
1-month VWAP	2,642	1,477
52-week High	2,883	1,612
52-week Low	2,531	1,415

Source: Bloomberg

4.9.2 Printing and Publishing Business Division (the "P&P Division"). The P&P Division encompasses printing, publishing, retail and distribution, undertaken through the Company's wholly-owned TPL, a Singapore-based company principally engaged in publishing, printing, distribution and retail.

TPL's LTM consolidated revenue, attributable loss before exceptional items and LTM PBIT ended 30 June 2013 and its net cash/debt position as at 30 June 2013 are as follows:

	LTM Revenue (\$m)	LTM Attributable Loss Before Exceptional Items (\$m)	LTM PBIT (\$m)	Net Cash (as at 30 June 2013) (\$m)
Unlisted entity				
TPL and its subsidiaries	365	7	3	37

4.9.3 Net Cash. Based on the pro forma balance sheet of the F&N Group as at 30 June 2013, the F&N Group post FCL Distribution would have net cash of \$921 million.

LETTER TO SHAREHOLDERS

4.9.4 Other Investments of the F&B Division. The F&B Division also has approximately 9.5 per cent. equity interest (as at 30 June 2013) in Vietnam Dairy Products Joint Stock Company (“**Vinamilk**”), a leading dairy player in Vietnam which is listed on the Ho Chi Minh City Stock Exchange.

The market capitalisation of Vinamilk based on the closing price as at the Latest Practicable Date, one-month VWAP up to the Latest Practicable Date and the 52-week high and low prices are summarised below:

Vinamilk		
F&N's Equity Interest (%) (as at 30 June 2013)	Approximately 9.5	
Market Capitalisation based on: (\$m)		
Equity interest (%)	100.0	9.5
Closing Price as at the Latest Practicable Date	6,933	661
1-month VWAP	6,889	657
52-week High	7,566	722
52-week Low	3,953	377

Source: Bloomberg

4.9.5 Other Investments of P&P Division. The P&P Division also has the following interests:

- (i) 12.1 per cent. equity interest (as at 30 June 2013) in PMP, an Australia-listed media and marketing services company, providing a range of services from concept to fulfilment. Its principal activities are commercial printing, digital pre-media, letterbox delivery and magazine distribution services; and
- (ii) 29.5 per cent. equity interest (as at 30 June 2013) in Fung Choi, a Singapore-listed media and marketing services company primarily engaged in commercial displays, printing, packaging and advertising.

The market capitalisation of PMP and Fung Choi based on the respective closing prices as at the Latest Practicable Date, one-month VWAP up to the Latest Practicable Date, and their 52-week high and low prices are summarised below:

Listed Entities	PMP		Fung Choi	
F&N's Equity Interest (%) (as at 30 June 2013)	12.1		29.5	
Market Capitalisation (\$m) based on:				
Equity interest (%)	100.0	12.1	100.0	29.5
Closing Price as at the Latest Practicable Date ¹¹	141	17	80	24
1-month VWAP	130	16	85	25
52-week High	141	17	120	35
52-week Low	56	7	78	23

Source: Bloomberg

¹¹ Except for Fung Choi, whose last closing price was on 8 October 2013.

LETTER TO SHAREHOLDERS

4.10 Share Awards.

4.10.1 Adjustments to Share Awards. The Remuneration Committee of the Company has determined the methodology to be adopted for making adjustments to the Share Awards under the respective rules of the F&N Share Plans, consequent upon the FCL Distribution taking effect. Ernst & Young LLP, the auditors of the Company have confirmed that the methodology is fair and reasonable.

4.10.2 Transfer of Share Awards. In conjunction with the Proposed Listing, FCL has established the FCL Share Plans. The FCL Share Plans are proposed to increase FCL's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The FCL Share Plans will strengthen FCL's competitiveness in attracting and retaining talented key senior management and senior executives. Further details of the FCL Share Plans are set out in the Introductory Document. To align the interests of the FCL employees, the outstanding Share Awards granted to an FCL employee shall, upon the Proposed Listing, be cancelled and the FCL employee will receive, in replacement thereof, an award under the FCL Share Plans in accordance with the formula as set out in the Introductory Document, although the board of directors of FCL may decide, to replace some or part but not all of the outstanding Share Awards granted to FCL employees with awards under the FCL Share Plans and pay cash in lieu of replacing the remaining outstanding Share Awards.

4.11 Shared Services Agreement. In connection with the Proposed Listing, the Company has, through its wholly-owned subsidiary, F&NS, entered into a shared services agreement (the "**Shared Services Agreement**") with FCL pursuant to which F&NS will provide to FCL information technology, legal, compliance, trademark management, corporate secretarial, human resource, tax, treasury and internal audit services in consideration for a fixed fee of \$1,039,345 per month payable by FCL. The fee payable by FCL is on a cost-recovery basis, based on the Company's projected cost of providing such services (taking into account the historical costs of providing such services), plus 5 per cent.. The Shared Services Agreement is for a term of one year from the Listing Date. Each of the shared services may be terminated by FCL or F&NS after three months, with three months' notice. The terms of the Shared Services Agreement are on an arm's length basis, following negotiation between FCL and F&NS.

4.12 Interested Person Transactions relating to FCL. Shareholders should note that by voting in favour of the FCL Distribution, Shareholders will be deemed to have specifically approved the interested person transactions described in the section "Interested Person Transactions and Conflict of Interests – Present and On-going Interested Person Transactions" of the Introductory Document and the Shareholders' Mandate described in the section "Interested Person Transactions and Conflict of Interests – General Mandate for Interested Person Transactions" of the Introductory Document.

5. ADMINISTRATIVE PROCEDURES FOR THE FCL DISTRIBUTION

5.1 Books Closure Date and Entitlements. Persons registered in the Register and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date would be entitled to receive two FCL Shares for each Share held by them or on their behalf as at the Books Closure Date.

The Company will announce, through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>, the last date of "cum" trading of the Shares, the date of commencement of "ex" trading of the Shares, the Books Closure Date, the date for crediting the FCL Shares to Shareholders pursuant to the FCL Distribution and the date for commencement of trading of the FCL Shares as soon as practicable after the conditions in paragraph 4.2 above have been satisfied.

LETTER TO SHAREHOLDERS

For illustrative purposes, Shareholders as at the Books Closure Date shall receive FCL Shares as follows:

	Number of FCL Shares the Shareholder is entitled
If a Shareholder holds 1,000 Shares as at the Books Closure Date	2,000 FCL Shares
If a Shareholder holds 250 Shares as at the Books Closure Date	500 FCL Shares

- 5.2 Depositors.** In the case of Shareholders being Depositors, entitlements to the FCL Shares will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date. Following the Books Closure Date, CDP will credit the Securities Accounts with the relevant number of FCL Shares on the credit date to be announced by the Company in due course and CDP will send to each such Depositor a notification letter confirming the number of FCL Shares that has been credited to his Securities Account.
- 5.3 Scrip Shareholders.** In the case of Shareholders who hold Shares registered in their own names in the Register, entitlements to the FCL Shares will be determined on the basis of their holdings of Shares in the Register as at the Books Closure Date. Following the Books Closure Date, the names of each such Shareholder as well as the relevant number of FCL Shares to be distributed to such Shareholder will be entered into the Register of FCL and the share certificates in respect of the FCL Shares will be sent to them by registered post to their address stated in the Register of FCL. Shareholders should note that they will not be able to trade in such FCL Shares on the SGX-ST unless they have a Securities Account and make appropriate arrangements for the share certificates of the FCL Shares to be deposited with CDP for crediting into the said Securities Account.

Shareholders holding their Shares in scrip form and who wish to have the FCL Shares credited to their Securities Accounts pursuant to the FCL Distribution or wish to trade the FCL Shares on the SGX-ST on or immediately after the FCL Distribution should deposit with CDP their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, no later than 5.00 p.m. on the date falling 12 Market Days prior to the Books Closure Date so as to enable CDP to credit their Securities Accounts with the relevant Shares by the Books Closure Date and thereafter for CDP to credit their Securities Accounts with the FCL Shares.

- 5.4 CPFIS Investors.** In the case of Shareholders who have purchased Shares using their CPF funds, entitlements to the FCL Shares will be determined based on the number of Shares standing to the credit of their respective investment accounts with the CPFIS Agent Banks as at the Books Closure Date. Following the Books Closure Date, CDP will credit their CPFIS Agent Banks Securities Accounts with the relevant number of FCL Shares on the credit date to be announced by the Company in due course. The respective CPFIS Agent Banks will notify the relevant Shareholders of the credit and such Shareholders are advised to consult their CPFIS Agent Banks as to the crediting status of their FCL Shares in their respective investment accounts as CDP will not be sending any notifications to such Shareholders.
- 5.5 Overseas Shareholders.** You will be regarded as an Overseas Shareholder if your registered address on the Register or the Depository Register (as the case may be) is not in Singapore as at the Books Closure Date. Shareholders who wish to change their registered address on the Register and the Depository Register (as the case may be) to provide an address in Singapore in substitution thereof prior to the Books Closure Date may do so by sending a notice in writing to the Share Registrar (in the case of a change of address on the Register) and CDP (in the case of a change of address on the Depository Register), respectively not later than three Market Days prior to the Books Closure Date. Where the Directors are of the view that the distribution of the FCL Shares to any Overseas Shareholders may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the FCL Shares which such Overseas Shareholders would have been entitled to pursuant to the FCL Distribution (the

LETTER TO SHAREHOLDERS

“**Overseas Shareholders’ FCL Shares**”) will not be distributed to such Overseas Shareholders. Instead, the Overseas Shareholders’ FCL Shares shall be transferred to such person(s) as the Company may appoint who shall sell the Overseas Shareholders’ FCL Shares and thereafter distribute the aggregate amount of the net proceeds, after deducting for all dealings and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to the FCL Shares as at the Books Closure Date in full satisfaction of their rights to the FCL Shares which they would otherwise have become entitled to under the FCL Distribution.

Where the net proceeds to which any particular Overseas Shareholder is entitled is less than \$10, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or any other person in connection therewith.

Hong Kong

Overseas Shareholders with registered addresses in Hong Kong as at the Books Closure Date will be entitled to receive the FCL Shares pursuant to the FCL Distribution. The contents of this Circular and the Introductory Document have not been reviewed by any regulatory authority in Hong Kong. Overseas Shareholders in Hong Kong are advised to exercise caution in relation to the FCL Distribution and such other information contained herein. If you are in any doubt about any of the contents of this Circular, you should obtain independent professional advice.

Malaysia

Overseas Shareholders with registered addresses in Malaysia as at the Books Closure Date will be entitled to receive the FCL Shares pursuant to the FCL Distribution. The contents of this Circular and the Introductory Document have not been reviewed by or registered with any regulatory authority in Malaysia. Overseas Shareholders in Malaysia are advised to exercise caution in relation to the FCL Distribution and such other information contained herein. If you are in any doubt about any of the contents of this Circular, you should obtain independent professional advice.

United Kingdom

Overseas Shareholders with registered addresses in the United Kingdom as at the Books Closure Date will be entitled to receive the FCL Shares pursuant to the FCL Distribution. The contents of this Circular and the Introductory Document have not been reviewed by or registered with any regulatory authority in the United Kingdom. Overseas Shareholders in the United Kingdom are advised to exercise caution in relation to the FCL Distribution and such other information contained herein. If you are in any doubt about any of the contents of this Circular, you should obtain independent professional advice.

Other Jurisdictions

Overseas Shareholders with registered addresses in a jurisdiction other than Hong Kong, Malaysia and the United Kingdom as at the Books Closure Date will not receive the FCL Shares in the FCL Distribution and the FCL Shares to which such Overseas Shareholders would otherwise have been entitled will be dealt with in accordance with paragraph 5.5. Specifically, do note that you will be regarded as an Overseas Shareholder who will not receive the FCL Shares pursuant to the FCL Distribution if your registered address on the Register or the Depository Register (as the case may be) is an Australian or a New Zealand address as at the Books Closure Date.

- 5.6 Odd-Lot Trading.** For the purposes of trading on the Main Board of the SGX-ST, each board lot of FCL Shares will comprise 1,000 FCL Shares. An application has been made and the approval of the SGX-ST has been obtained for the establishment of a temporary counter for the trading of FCL Shares in board lots of 100 FCL Shares for a period of one calendar month from the Listing Date (the “**Concession Period**”) for the convenience of Shareholders. Shareholders should note that the establishment of this temporary odd-lot counter for the trading of FCL Shares is only to facilitate the disposal of odd lots during the Concession Period. After the Concession Period, Shareholders who hold odd lots of FCL Shares can continue to trade in odd lots on the Unit Share Market of the SGX-ST which allows trading of securities in single shares.

LETTER TO SHAREHOLDERS

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The interests of the Directors and the substantial shareholders in the Shares are disclosed in Appendix 3 to this Circular. Save as disclosed, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the FCL Distribution.

7. DIRECTORS' RECOMMENDATION

Having considered the terms of and the rationale for the FCL Distribution, the Directors are of the opinion that the FCL Distribution is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the FCL Distribution at the EGM.

8. TCC ASSETS LIMITED INTENDS TO VOTE IN FAVOUR OF THE FCL DISTRIBUTION

TCC Assets Limited, the majority Shareholder holding approximately 61.67 per cent. of the Shares as at the Latest Practicable Date, has notified the Company on 27 August 2013 of its intention to vote all the Shares it holds as at the date of the EGM in favour of the FCL Distribution.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 49 to 50 of this Circular, will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 13 November 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modification, the ordinary resolution relating to the FCL Distribution set out in the Notice of EGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1 Appointment of Proxies. If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 not later than 48 hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

10.2 When a Depositor is regarded as a Shareholder. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the time appointed for the EGM.

11. RESPONSIBILITY STATEMENTS

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

LETTER TO SHAREHOLDERS

11.2 Financial Advisers' Responsibility Statement. DBS Bank, UOB and Morgan Stanley have been appointed as joint financial advisers to the Company for the FCL Distribution and the Proposed Listing. To the best of each of DBS Bank's, UOB's and Morgan Stanley's knowledge and belief, this Circular contains full and true disclosure of all material facts about the FCL Distribution and the F&N Group, and each of DBS Bank, UOB and Morgan Stanley is not aware of any fact the omission of which would make any statement in this Circular misleading as at the Latest Practicable Date. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of each of the joint financial advisers has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Circular in its proper form and context.

12. ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in Appendix 3 to this Circular.

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

Anthony Cheong Fook Seng
Company Secretary

APPENDIX 1 – FINANCIAL EFFECTS

1. **Assumptions.** The pro forma financial effects of the FCL Distribution on selected financial measures of the F&N Group have been prepared based on the audited consolidated financial statements of the F&N Group for FY2012 and the unaudited consolidated financial statements of the F&N Group for 9M2013. The pro forma financial effects are purely for illustration purposes only and do not reflect the actual financial position of the F&N Group after the completion of the FCL Distribution.

As the APB Sale was completed only in the first quarter of the financial year ended 30 September 2013 and the Capital Reduction was completed only in the fourth quarter of the financial year ended 30 September 2013, the pro forma financial effects for FY2012 on NAV and NAV per Share have been prepared on the assumption that the APB Sale, the Capital Reduction and the FCL Distribution were completed on 30 September 2012 and the pro forma financial effects on NAV and NAV per Share for 9M2013 have been prepared on the assumption that the Capital Reduction and the FCL Distribution were completed on 30 June 2013. The pro forma financial effects of the FCL Distribution on the profit after tax and non-controlling interest for FY2012 and 9M2013 are computed on the assumption that the APB Sale, the Capital Reduction and the FCL Distribution were completed on 1 October 2011 and 1 October 2012 respectively. The pro forma financial effects are prepared on the assumption that the Facilities have been fully discharged.

2. **NAV and NAV per Share.** The pro forma financial effects of the FCL Distribution on the NAV and NAV per Share of the F&N Group for FY2012 and 9M2013 are as follows:

(i) **FY2012**

		Pro forma	
	Before the APB Sale, the Capital Reduction and the FCL Distribution	After the APB Sale and the Capital Reduction	After the APB Sale, the Capital Reduction and the FCL Distribution
NAV (\$ million)	7,591	7,739	2,222
NAV per Share (\$)	5.31	5.42	1.56

(ii) **9M2013**

		Pro forma	
	Before the Capital Reduction and the FCL Distribution	After the Capital Reduction	After the Capital Reduction and the FCL Distribution
NAV (\$ million)	12,791	8,063	2,458
NAV per Share (\$)	8.87	5.59	1.71

APPENDIX 1 – FINANCIAL EFFECTS

3. **Earnings.** The pro forma financial effects of the FCL Distribution on the earnings of the F&N Group for FY2012 and 9M2013 are as follows:

(i) **FY2012**

	Before the APB Sale, the Capital Reduction and the FCL Distribution	Pro forma	
		After the APB Sale and the Capital Reduction	After the APB Sale, the Capital Reduction and the FCL Distribution
Profit after tax and non-controlling interest (before fair value adjustment and exceptional items) (\$ million)	472	325	47
Profit after tax and non-controlling interest (after fair value adjustment and exceptional items) (\$ million)	836	5,467	4,864
EPS (before fair value adjustment and exceptional items) (cents)	33.2	22.9	3.3
EPS (after fair value adjustment and exceptional items) (cents)	58.9	385.0	342.6

APPENDIX 1 – FINANCIAL EFFECTS

(ii) 9M2013

	Before the Capital Reduction and the FCL Distribution	Pro forma	
		After the Capital Reduction	After the Capital Reduction and the FCL Distribution
Profit after tax and non-controlling interest (before fair value adjustment and exceptional items) (\$ million)	258	243	72
Profit after tax and non-controlling interest (after fair value adjustment and exceptional items) (\$ million)	5,014	4,999	4,835
EPS (before fair value adjustment and exceptional items) (cents)	17.9	16.8	5.0
EPS (after fair value adjustment and exceptional items) (cents)	347.9	346.9	335.5

4. **Share Capital.** The FCL Distribution will not have any impact on the number of Shares held by Shareholders after the FCL Distribution or on the share capital of the Company.
5. **Leverage Ratios.** The pro forma financial effects of the FCL Distribution on the leverage ratios of the F&N Group for FY2012 and 9M2013 are as follows:

(i) FY2012

	Before the APB Sale, the Capital Reduction and the FCL Distribution	Pro forma	
		After the APB Sale and the Capital Reduction	After the APB Sale, the Capital Reduction and the FCL Distribution
Total net borrowings / (cash) (\$ million)	2,259	1,406	(848)
Net debt/Total equity (%)	27.4	17.3	Net Cash
Interest coverage ratio (times)	6.5	6.9	4.0

APPENDIX 1 – FINANCIAL EFFECTS

(ii) 9M2013

	Before the Capital Reduction and the FCL Distribution	Pro forma	
		After the Capital Reduction	After the Capital Reduction and the FCL Distribution
Total net borrowings / (cash) (\$ million)	(3,514)	1,214	(921)
Net debt/Total equity (%)	Net Cash	14.4	Net Cash
Interest coverage ratio (times)	22.2	12.3	27.1

**APPENDIX 2 – PRO FORMA PROFIT STATEMENT AND BALANCE SHEET OF
THE F&N GROUP**

Unaudited Pro Forma Profit Statement

	12 months ended 30 September 2012 \$'000	9 months ended 30 June 2013 \$'000
<u>Continuing operations</u>		
REVENUE	<u>2,188,449</u>	<u>1,746,071</u>
TRADING PROFIT	123,602	161,322
Share of associated companies' profits	1,927	1,010
Gross income from investments	13,108	9,067
PROFIT BEFORE INTEREST AND TAXATION	<u>138,637</u>	<u>171,399</u>
Net finance cost	(34,635)	(6,315)
PROFIT BEFORE FAIR VALUE ADJUSTMENT, TAXATION AND EXCEPTIONAL ITEMS	104,002	165,084
Fair value adjustment of investment properties	4,662	–
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS	<u>108,664</u>	<u>165,084</u>
Exceptional items	6,684	(119,191)
PROFIT BEFORE TAXATION	<u>115,348</u>	<u>45,893</u>
Taxation	(4,325)	(42,039)
PROFIT FROM CONTINUING OPERATIONS AFTER TAXATION	<u>111,023</u>	<u>3,854</u>
<u>Discontinued operations</u>		
GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS	<u>4,815,337</u>	<u>4,886,488</u>
PROFIT AFTER TAXATION	<u>4,926,360</u>	<u>4,890,342</u>
ATTRIBUTABLE PROFIT TO:		
Shareholders of the Company		
- Before fair value adjustment and exceptional items	47,422	72,365
- Gain on disposal of discontinued operations	4,815,337	4,886,488
- Fair value adjustment of investment properties	3,897	–
- Exceptional items	(2,424)	(123,367)
	<u>4,864,232</u>	<u>4,835,486</u>
Non-controlling interests	62,128	54,856
	<u>4,926,360</u>	<u>4,890,342</u>

**APPENDIX 2 – PRO FORMA PROFIT STATEMENT AND BALANCE SHEET OF
THE F&N GROUP**

Unaudited Pro Forma Balance Sheet

	As at 30 September 2012 \$'000	As at 30 June 2013 \$'000
SHARE CAPITAL AND RESERVES		
Share capital	1,375,815	1,441,810
Treasury shares	(23)	(23)
Reserves	846,476	1,016,518
	<u>2,222,268</u>	<u>2,458,305</u>
NON-CONTROLLING INTERESTS		
	347,545	348,900
	<u>2,569,813</u>	<u>2,807,205</u>
Represented by :		
NON-CURRENT ASSETS		
Fixed assets	714,110	700,039
Associated companies	258,175	207,593
Other investments	372,813	633,060
Other non-current assets	189,189	193,537
	<u>1,534,287</u>	<u>1,734,229</u>
CURRENT ASSETS		
Inventories	261,761	256,528
Trade receivables	309,217	329,830
Bank fixed deposits and cash and bank balances	1,038,505	1,109,719
Other current assets	167,590	134,270
	<u>1,777,073</u>	<u>1,830,347</u>
Deduct : CURRENT LIABILITIES		
Trade and other payables	427,223	435,097
Borrowings	190,735	188,697
Other current liabilities	69,240	79,710
	<u>687,198</u>	<u>703,504</u>
NET CURRENT ASSETS	1,089,875	1,126,843
Deduct: NON-CURRENT LIABILITIES		
Other non-current liabilities	54,349	53,867
	<u>2,569,813</u>	<u>2,807,205</u>

APPENDIX 3 – DISCLOSURE OF INTERESTS

1. **Directors' Interests.** The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr Charoen Sirivadhanabhakdi	–	–	1,301,433,884	90.28
Khunying Wanna Sirivadhanabhakdi	–	–	1,301,433,884	90.28
Mr Charles Mak Ming Ying	–	–	–	–
Mr Chan Heng Wing	–	–	–	–
Mr Philip Eng Heng Nee	–	–	–	–
Mr Koh Poh Tiong	–	–	370,265 ⁽²⁾	0.026
Mr Weerawong Chittmittrapap	–	–	–	–
Mrs Siripen Sitasuwan	–	–	–	–
Mr Chotiphat Bijananda	–	–	–	–
Mr Thapana Sirivadhanabhakdi	–	–	–	–
Mr Panote Sirivadhanabhakdi	–	–	–	–
Mr Sithichai Chaikriangkrai	–	–	–	–
Mr Prapakon Thongtheppairot	–	–	–	–

Notes:

⁽¹⁾ The figures are based on the issued share capital of 1,441,519,436 Shares as at the Latest Practicable Date, excluding 4,100 shares held as treasury shares.

⁽²⁾ The deemed interest in 370,265 Shares includes a deemed interest in up to 202,122 Shares arising from the grant of a conditional award of performance shares under the F&N Performance Share Plan. The actual number of Shares to be delivered pursuant to such Share Awards will range from 0 per cent. to 200 per cent. of the base award of performance shares depending on the level of achievement of performance targets set over a three-year performance period. These Share Awards were granted to Mr Koh Poh Tiong when he was an executive of the Company and prior to his appointment as a Director.

APPENDIX 3 – DISCLOSURE OF INTERESTS

2. **Substantial Shareholders' Interests.** The interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders of the Company as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr Charoen Sirivadhanabhakdi			1,301,433,884	90.28
Khunying Wanna Sirivadhanabhakdi			1,301,433,884	90.28
InterBev Investment Limited	412,423,822	28.61		
International Beverage Holdings Limited			412,423,822	28.61
Thai Beverage Public Company Limited			412,423,822	28.61
TCC Assets Limited	889,010,062	61.67		
Siriwana Company Limited			412,423,822	28.61
MM Group Limited			412,423,822	28.61
Maxtop Management Corp.			412,423,822	28.61
Risen Mark Enterprise Ltd.			412,423,822	28.61
Golden Capital (Singapore) Limited			412,423,822	28.61

Note:

⁽¹⁾ The figures are based on the issued share capital of 1,441,519,436 Shares as at the Latest Practicable Date, excluding 4,100 shares held as treasury shares.

3. CONSENTS

Each of DBS Bank, UOB and Morgan Stanley has given and has not withdrawn its consent to the issue of this Circular with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 during normal business hours from the date of this Circular up to the date of the EGM:

- (i) the annual report of the Company for FY2012;
- (ii) the unaudited consolidated financial statements of the F&N Group for 9M2013;
- (iii) the Memorandum and Articles of Association of the Company;
- (iv) the notification from TCC Assets Limited to the Company dated 27 August 2013; and
- (v) the letters of consent from each of DBS Bank, UOB and Morgan Stanley referred to in paragraph 3 above.

NOTICE OF EXTRAORDINARY GENERAL MEETING

FRASER AND NEAVE, LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Fraser and Neave, Limited (the “**Company**”) will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 13 November 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as an Ordinary Resolution:

Ordinary Resolution

RESOLVED THAT pursuant to Article 142 of the Articles of Association:

(1) Approval of the Proposed FCL Distribution

Subject to the other conditions in paragraph 4.2 of the Letter to Shareholders in the Circular dated 28 October 2013 being satisfied, approval be and is hereby given for the Company to make a distribution (the “**FCL Distribution**”) of the entire issued share capital of FCL (“**FCL Shares**”) held by the Company by way of a dividend *in specie* on the basis of two FCL Shares for each ordinary share in the issued share capital of the Company (“**Shares**”) held by or on behalf of the shareholders of the Company (“**Shareholders**”, being registered holders of the Shares, other than the Company, except that where the registered holder is The Central Depository (Pte) Limited (“**CDP**”), the term “**Shareholders**” shall mean Depositors, other than the Company, as defined under the Companies Act, Cap 50 of Singapore) as at a books closure date to be determined by the Directors (“**Books Closure Date**”) such that:

- (i) the FCL Shares are distributed free of encumbrances and together with all rights attaching thereto on and from the Books Closure Date;
- (ii) where the directors of the Company (“**Directors**”) are of the view that the distribution of the FCL Shares to any Shareholder whose registered address as recorded in the Register of Members of the Company or in the Depository Register maintained by CDP on the Books Closure Date is outside Singapore (the “**Overseas Shareholder**”) may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, such FCL Shares shall not be distributed to such Overseas Shareholder, but shall be dealt with in the manner set out in paragraph (iii) below;
- (iii) the FCL Shares which would otherwise be distributed to the Overseas Shareholders pursuant to the FCL Distribution be distributed to such person(s) as the Directors may appoint, who shall sell the same and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealings and other expenses in connection therewith, proportionately among such Overseas Shareholders in accordance with their respective entitlements to the FCL Shares as at the Books Closure Date, in full satisfaction of their rights to the FCL Shares, provided that where the net proceeds to which any particular Overseas Shareholder is entitled is less than \$10, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or any other person in connection therewith; and
- (iv) the Directors and/or any of them be and are hereby authorised to appropriate an amount of up to \$2,911,034,349 out of the retained profits of the Company to meet the value of the FCL Shares to be distributed to the Shareholders.

NOTICE OF EXTRAORDINARY GENERAL MEETING

(2) **Authority to Directors**

The Directors and each of them be and are hereby authorised to do all acts and things and to execute all such documents as they or he may consider necessary or expedient to give effect to the proposed distribution as set out in the preceding paragraph (1).

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary

28 October 2013

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

FRASER AND NEAVE, LIMITED

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

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. For investors who have used their CPF moneys to buy shares in Fraser and Neave, Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary, Fraser and Neave, Limited. (Agent Banks: Please see Note 8 on the required format).

*I / We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a member/members of Fraser and Neave, Limited (the "Company"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

or failing him/them, the Chairman of the Extraordinary General Meeting ("EGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the EGM to be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 13 November 2013 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the EGM as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the EGM.

NOTE: The Chairman of the EGM will be exercising his right under Article 70(a) of the Articles of Association of the Company to demand a poll in respect of the Ordinary Resolution to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the Ordinary Resolution at the EGM will be voted on by way of a poll.

	For	Against
Ordinary Resolution To approve the proposed FCL Distribution		

* If you wish to exercise all your votes "For" or "Against" the resolution, please tick (✓) within the relevant box. Alternatively, if you wish to exercise your votes for both "For" and "Against" the resolution, please indicate the number of Shares in the boxes provided.

Dated this _____ day of _____ 2013

Total Number of Shares held (Note 4):

--

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. A member of the Company entitled to attend the EGM and vote is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited with the Company Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the EGM.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
4. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members of the Company. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF investors who wish to attend the EGM as Observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the EGM.