



LION NATHAN

1 September 2005

Australian Stock Exchange Limited  
Company Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**Lion Nathan announces Offer for Coopers Brewery Limited**

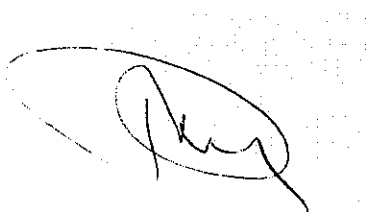
Lion Nathan Limited ("Lion Nathan") wishes to advise that it intends, through its wholly owned subsidiary, Lion Nathan Australia Pty Limited, to make an off-market takeover offer for Coopers Brewery Limited ("Coopers").

The offer is \$260 in cash per share for each class of Coopers ordinary shares. The offer values the ordinary equity in Coopers at \$352 million. The offer is not subject to a minimum acceptance condition.

Lion Nathan intends to fund cash requirements for the proposed acquisition from existing debt facilities.

Full details, including the summarised offer conditions, are contained in the attached media release.

Yours faithfully,



Duncan Makeig  
Company Secretary  
Lion Nathan Limited



## LION NATHAN

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### **MEDIA RELEASE**

#### **LION NATHAN ANNOUNCES OFFER FOR COOPERS BREWERY LTD SHARES**

**Sydney, 1 September 2005:** Lion Nathan Ltd (Lion Nathan) today announced that it intends, through its wholly owned subsidiary, Lion Nathan Australia Pty Ltd, to make an off-market offer (Offer) for Coopers Brewery Ltd (Coopers). The Offer is \$260 per share<sup>1</sup> in cash for each class of Coopers shares. The Offer values the ordinary equity in Coopers at \$352 million. The Offer is not subject to a minimum acceptance condition.

The Offer of \$260 per share in cash provides a demonstrably fair price to Coopers shareholders and represents:

- a 478% premium to the price of a buy-back conducted by Coopers of \$45.01 per share in 2003;
- a 416% to 557% premium to the value of Coopers as assessed by the Independent Expert (KPMG) in a report prepared in relation to the buyback conducted by Coopers in 2003;
- a multiple of 19.4 times Coopers' 30 June 2004 EBITDA<sup>2</sup> (Coopers' last published accounts), which compares favourably with precedent transactions and sector trading benchmarks; and
- an opportunity for Coopers shareholders to access liquidity and sell some or all of their shares

Coopers is an unlisted public company based in Regency Park, South Australia. Coopers has approximately 117 shareholders, some of whom have approached Lion Nathan recently with a view to realising fair value for their otherwise illiquid holdings. A Lion Nathan company, the South Australian Brewing Company, owned 19.9% of Coopers prior to 1995.

Rob Murray, Chief Executive Officer of Lion Nathan, said: "This is a very compelling offer for Coopers shareholders. Lion Nathan is hopeful of acquiring a significant shareholding in the Coopers business."

"We are offering a demonstrably fair price to acquire shares in Coopers and this is a reflection of the very high regard we have for the Cooper family, the brewery's management and the business and brands they have built."

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<sup>1</sup> Cum dividends and other rights

<sup>2</sup> Assuming Coopers FY 2004 net debt of \$7m. Based on normalised EBITDA of \$18.5m, excluding loss on sale of non-current assets and one-off sale proceeds

"We will be comfortable with a range of shareholding outcomes which is why we have not set a minimum acceptance level. We expect any holding will be a good investment in its own right."

"Regardless of the outcome, our preference would be for the Cooper family and the management team to continue their close involvement with the business and we would welcome an appropriate Coopers representative on the Board of Lion Nathan, should Lion Nathan be successful in acquiring Coopers."

Mr Murray continued: "Coopers has a number of quality brands including Coopers Original Pale Ale and Coopers Sparkling Ale. These brands are highly complementary with Lion Nathan's beer brand portfolio which includes Tooheys, XXXX, West End, Hahn, Heineken, Becks and James Squire."

"Thus, if full ownership were to result from the Offer, Lion Nathan is well placed to continue to drive Coopers' growth nationally through Lion Nathan's extensive sales and distribution network."

Coopers has four separate classes of ordinary shares (A, B, C and D classes of ordinary shares). The A, B and D class shares provide the right to appoint directors to the Board of Coopers. The C class shares represent approximately 91% of the economic value of Coopers, but have only limited rights to appoint a director. Lion Nathan is offering \$260 per share irrespective of the class of Coopers share.

Given the absence of a minimum acceptance condition, the success of Lion Nathan's Offer is not dependent on the acceptance of any particular shareholder, or the overall level of acceptances received.

Coopers' constitution currently includes three tiers of pre-emptive rights, which apply if a Coopers shareholder seeks to sell shares (other than to a relative). Lion Nathan has a third tier pre-emptive right in Coopers.

These rights were granted to Lion Nathan in 1995 in exchange for the 19.9% shareholding of Coopers that Lion Nathan owned following the purchase of the South Australian Brewing Company. These third tier rights entitle Lion Nathan to purchase Coopers shares when shares are offered for sale but not acquired by existing shareholders or the Coopers' superannuation fund, and are the subject of a court challenge initiated by Coopers. Lion Nathan is also currently in litigation with Coopers in respect of the share buy-back conducted by Coopers in 2003, which did not have regard to Lion Nathan's third tier pre-emptive rights.

Subsequent to the commencement of Coopers' litigation against Lion Nathan's pre-emptive right, Lion Nathan has explored with the Board of Coopers a joint venture and a proposal to acquire 100% of the shares of Coopers (also without a minimum acceptance condition).

Since the recent court proceedings have commenced and been made public, Lion Nathan has received unsolicited approaches from Coopers shareholders seeking to realise liquidity at a fair value for their shares. As an unlisted public company, Coopers shareholders have limited opportunities to sell their shares. As a result of these approaches Lion Nathan has already secured and lodged with the company a transfer notice from a shareholder who wants to sell Coopers shares at \$260 per share, subject to the operation of the pre-emptive regime.

"We are hopeful that the Board of Coopers will recommend acceptance of our Offer to its shareholders. We would also expect its full co-operation in ensuring that Coopers shareholders have the opportunity to consider our proposal," said Mr Murray.

Lion Nathan's Offer will be subject to the following conditions, which are summarised in further detail in the attachment to this announcement:

- approval under the Foreign Acquisition and Takeovers Act;
- no objection made by any regulatory authority, eg, the Australian Competition and Consumer Commission;
- no material adverse change in relation to Coopers;

- no material acquisitions, disposals or new commitments;
- no material agreement with competitors or change of control provisions;
- confirmation of capital structure;
- Lion Nathan will be provided one Coopers board seat for every 15% of the company acquired;
- appropriate consent from Coopers directors under the company's constitution; and
- various prescribed occurrences.

Lion Nathan intends to fund cash requirements for the proposed acquisition from existing debt facilities. In the event Lion Nathan acquires Coopers, it is expected the acquisition will be earnings per share (EPS) accretive in the first full year post acquisition.

Further information concerning Lion Nathan's takeover Offer for Coopers will be contained in Lion Nathan's Bidder's Statement, which Lion Nathan expects will be served on Coopers and lodged with the Australian Securities and Investment Commission within the next month. Lion Nathan will send Offers to each class of shareholders.

Lion Nathan is advised by the Calburn Partnership as financial adviser and Mallesons Stephen Jaques as legal adviser.

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For further information contact:

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**About Lion Nathan**

Lion Nathan is an Australasian premium alcoholic beverages company with operations in Australia and New Zealand. A publicly traded company (ASX/NZX: LNN) with assets of \$4.3 billion, Lion Nathan generates strong stable earnings and cash flow from its Australian and New Zealand beer businesses. Its portfolio of beer brands in Australia includes Tooheys, XXXX, Hahn, West End, Emu, Swan, Beck's, Heineken and James Squire. It also owns a number of Australia's leading wine brands including Petaluma, Knappstein and St Hallet.

Through its South Australian based companies, including the South Australian Brewing Company, Lion Nathan has more than \$360 million invested in South Australia and employs almost 500 South Australians. Lion Nathan is a proud supporter of the West End Redback's, Port Adelaide Power and the SANFL and has added to the fabric of the community in South Australia through initiatives like the West End Water Fountain and the annual brewery Christmas lights display.

For further information visit [www.lion-nathan.com.au](http://www.lion-nathan.com.au)

**About Coopers**

Coopers is a public unlisted company based in South Australia. The company's primary business activity is production, marketing and distribution of beer. It produces beer brands including Coopers Original Pale Ale, Coopers Sparkling Ale, Coopers Mild Ale and Coopers Dark Ale. Coopers' sales revenue for the year ended 30 June 2004, as shown in the most recently available financial statements, was approximately \$107 million.

### **Summary of Bid Conditions**

The Offer and any contracts resulting from acceptance of the Offer are subject to fulfillment of the following conditions:

- (a) **(Foreign Acquisitions and Takeovers Act)** the Treasurer of the Commonwealth of Australia consenting under the Foreign Acquisitions and Takeovers Act 1975 (“Act”) to the proposed acquisition by Bidder of Shares. The Treasurer is taken to have so consented:
  - (i) if Bidder receives written advice from or on behalf of the Treasurer to the effect that the acquisition of Shares is not inconsistent with the Australian Government’s foreign investment policy or is not objected to under the Act; or
  - (ii) if notice of the proposed acquisition of Shares is given to the Treasurer and the Treasurer has ceased to be empowered to make any order under Part II of the Act in relation to the proposed acquisition because of lapse of time;
- (b) **(no action by Public Authority adversely affecting the Offer)** that between the Announcement Date and the end of the Offer Period:
  - (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
  - (ii) no application is made to any Public Authority (other than by Bidder), or action or investigation is announced, threatened or commenced by a Public Authority,
  - (iii) in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
  - (iv) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Bidder in respect of Target and the Shares to be acquired under the Offer; or
  - (v) requires the divestiture by Bidder of any Shares, or the divestiture of any assets of the Target, the Bidder or otherwise;
- (c) **(ACCC):** that, between the Announcement Date and the end of the Offer Period, either:
  - (i) Bidder receives notice in writing from the ACCC to the effect that the ACCC does not propose to intervene or seek to prevent Bidder’s acquisition of the Shares under the Offer pursuant to section 50 of the Trade Practices Act 1974 (Cth); or
  - (ii) Bidder is granted clearance to acquire the Shares under the Offer by the ACCC or the Australian Competition Tribunal;
- (d) **(no material adverse effect)** that no event or occurrence occurs that will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of Target and its subsidiaries, including as a result of making the Offer or the acquisition of Shares pursuant to the Offer;

(e) **(no material acquisitions, disposals or new commitments)** none of the following events occurs between the Announcement Date and the end of the Offer Period:

- (i) Target or any subsidiary of Target acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$5 million or makes an announcement in relation to such an acquisition, offer or agreement;
- (ii) Target or any subsidiary of Target disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as recorded in Target's statement of financial position as at 30 June 2004) is, in aggregate, greater than \$5 million or makes an announcement in relation to such a disposition, offer or agreement; and
- (iii) Target or any subsidiary of Target enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement, distribution agreement, production agreement or commitment which would require expenditure, or the foregoing of revenue, by Target and/or its subsidiaries of an amount which is, in aggregate, more than \$2 million ("**Material Agreements**"), or makes an announcement in relation to such an entry, offer or agreement;

(f) **(confirmation in Target Statement)** the Target's statement containing a statement expressed to be made with the approval of the directors of Target, which confirms, after due enquiry, each of the matters set out below, and that statement not being materially varied, revoked or qualified (whether in any supplementary target's statement or otherwise) prior to the close of the Offer:

- (i) that the number of issued shares in Target is:

A class: 15,553

B class: 15,953

C class: 1,234,761

D class: 87,091

TOTAL: 1,353,358

- (ii) there are no options to subscribe for Shares, or other securities that are convertible into Shares, in Target or any other arrangements, agreements or undertakings which have, or which may have, the effect of increasing the number of shares in Target as set out above;
- (iii) the Target has not entered into, agreed to enter into or offered to enter into any Material Agreement with any worldwide competitor of Target or Bidder; and
- (iv) no person becomes entitled to exercise any rights under a Material Agreement (including the right to terminate, vary, transfer or redeem such an agreement) as a result of the Offer;

- (g) **(representation on board)** that before the end of the Offer Period, the directors of Target procure such arrangements as are necessary to ensure that the Bidder will have the right to appoint one nominated person to the board of Target for every 15% of the issued share capital of Target acquired by Bidder from time to time, subject only to those nominated persons confirming to Target their respective consents to act as directors of Target as at the time of their appointment.
- (h) **(consent under article 143)** that, before the end of the Offer Period, the directors of Target provide Bidder with an irrevocable consent in writing that the Bidder is not in breach of article 143 of the Articles, such that:
- (i) The directors will not refuse to register the Bidder on the basis that, in accordance with article 143, the Bidder may be required to retire as a member; and
  - (ii) The Bidder, once registered as a member of Target, can remain on the share register of Target.
- (i) **(prescribed occurrences)** that during the Offer Period, none of the following events happen:
- (i) Target converts all or any of its shares into a larger or smaller number of shares;
  - (ii) Target or a subsidiary resolves to reduce its share capital in any way;
  - (iii) Target or a subsidiary:
    - (a) enters into a buy-back agreement; or
    - (b) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
  - (iv) Target or a subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
  - (v) Target or a subsidiary issues, or agrees to issue, convertible notes;
  - (vi) Target or a subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
  - (vii) Target or a subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property;
  - (viii) Target or a subsidiary resolves to be wound up;
  - (ix) a liquidator or provisional liquidator of Target or of a subsidiary is appointed;
  - (x) a court makes an order for the winding up of Target or of a subsidiary;
  - (xi) an administrator of Target or of a subsidiary is appointed under sections 436A, 436B or 436C of the Corporations Act;
  - (xii) Target or a subsidiary executes a deed of company arrangement;
  - (xiii) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of Target or of a subsidiary; or
  - (xiv) any change to the Articles of Target.

For the purposes of these conditions:

**ACCC** means Australian Competition and Consumer Commission;

**ASIC** means Australian Securities and Investments Commission;

**Announcement Date** means 1 September 2005, being the date of announcement of the Offer;

**Articles** means the Memorandum of Association and Articles of Association of Target;

**Bidder** means Lion Nathan Australia Pty Limited (ABN 13 008 596 370);

**Public Authority** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity;

**Offer Period** means the period for which the Offer is open for acceptance;

**Offer** means the offer by Bidder to acquire Target Shares under the bidder's statement;

**Shares** means fully paid shares in the capital of Target; and

**Target** means Coopers Brewery Limited (ABN 13 007 871 409).