

SAPPORO Group Management Plan 2011-2012

Solidifying the Growth Trajectory

February 10, 2011

SAPPORO Holdings Ltd.

URL http://www.sapporoholdings.jp



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SAPPORO Group Management Plan 2011-2012

- Financial targets
- Basic strategies
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Overview of 2010 Results



Overview of 2010 -Consolidated-

Growth in both revenues and profits: Net sales, operating income, ordinary income, and net income all up vs. 2009

Net sales increased ¥1.7 bn year over year to ¥389.2 bn. The Japanese Alcoholic Beverages business booked unit sales growth for the first time in 6 years, Soft Drink business performance was strong even after summer, and the International Alcoholic Beverages booked sales growth in North America.

Operating income, ordinary income, and net income all grew substantially.

(billions of yen, except percentages)

				YoY ch	anges
	2008	2009	2010	Amount	%
Consolidated net sales	414.5	387.5	389.2	1.7	0.4%
Consolidated operating income	14.6	12.8	15.4	2.5	19.4%
Consolidated ordinary income	10.5	10.7	14.3	3.6	33.6%
Consolidated net income	7.6	4.5	10.7	6.2	137.5%



Overview of 2010 Results -By Segment-

Operating income growth in all businesses, except International Alcoholic Beverages which saw a decrease due to upfront investment costs in Vietnam.

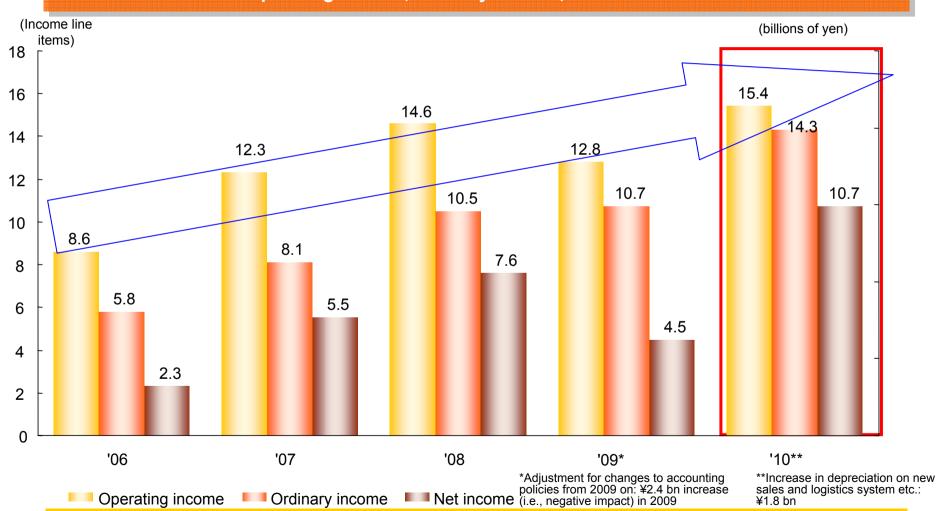
	Operating income					
				YoY c	hanges	(billions of yen, except percentages)
	2008	2009	2010	Amount	%	
Japanese Alcoholic Beverages	7.7	7.4 _{*1}	9.3 _{*2}	1.8	24.3%	*1. Adjustment for changes to accounting policies from 2009 on: ¥2.2 bn increase (i.e., negative impact) in 2009 *2. Increase in depreciation on new sales
International Alcoholic Beverages Existing operations Vietnam operations	0.9 <i>0</i> .9 -	0.6 <i>0.6</i>	0.5 0.8 -0.3	-0.1 0.2 -0.3	-27.7% 21.6% —	and logistics system etc.: ¥1.8 bn
Soft Drinks & Food Soft Drinks Food	0.2 0.4 -0.1	0.3 0.8 -0.5	0.5 1.2 -0.7	0.2 0.4 -0.2	74.8% 47.6% —	*3. Adjustment for changes to accounting policies from 2009 on: ¥0.2bn increase (i.e., negative impact) in 2009
Restaurants	0.5	-0.1	0.1	0.2	-	
Real Estate	7.6 _{*4}	7.5	8.0	0.4	6.4%	*4. Sold 15% stake in Yebisu Garden Place in April 2008 Impact realized from 2008
Corporate and intercompany eliminations	-2.3	-2.9	-3.0	-0.1	-	



Overview of 2010 Results -Past 5 Years-

Profits grew substantially in 2010; operating income rose for a 4th straight year

Operating income, ordinary income, and net income





Overview of 2010 Results -Results vs. Targets-

Performance by Segment vs. Targets

*2010 targets are the full-year targets issued in Q2.

(billions of yen)

	Net sales		Operating income			EBITDA			
	2010 results	2010 targets	Diff.	2010 results	2010 targets	Diff.	2010 results	2010 targets	Diff.
Japanese Alcoholic Beverages	278.8	280.0	-1.1	9.3	7.5	1.8	23.6	22.5	1.1
International Alcoholic Beverages	25.3	26.0	-0.6	0.5	0.8	-0.2	2.7	2.8	-0.0
Soft Drinks & Food	34.4	33.7	0.7	0.5	0.5	0.0	1.2	0.8	0.4
Restaurants	27.0	26.8	0.2	0.1	-	0.1	0.7	0.7	-
Real Estate	23.5	24.5	-0.9	8.0	8.0	0.0	13.6	13.8	-0.1
Corporate and intercompany eliminations	-	-	-	-3.0	-3.3	0.2	-3.0	-3.3	0.2
Consolidated total	389.2	391.0	-1.7	15.4	13.5	1.9	39.0	37.3	1.7

*EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill



Overview of 2010 Results - Management Indices-

Further bolstered profitability and financial base and further strengthened foundations on which we will execute our growth strategies

Japan Credit Rating Agency (JCR) raised Sapporo's senior long-term debt rating by one notch to A-

*2010 targets are the full-year targets issued in Q2.

Management Indices vs. Targets and Previous Year

	Results vs. Targets			*For Reference: 2009 vs. 2010 Results			
	2010 results	2010 targets	Change	2010 results	2009年 results	Change	
Operating margin (%) (excl. liquor taxes)	5.7%	5.0%	0.7 pp	5.7%	4.9%	0.8 pp	
Financial liabilities (billion yen) (excl. lease obligations)	181.3	208.5	-27.1	181.3	196.7	-15.4	
D/E ratio (times)	1.4 times	1.7 times	-0.3 points	1.4 times	1.7 times	-0.3 points	
ROE (%)	8.9%	4.0%	4.9%	8.9%	3.9%	5.0%	

JCR Rating Revision

(effected February 10, 2011)

Senior long-term debt

Before revision: BBB+ (Positive)

After revision: A- (Stable)

Supplementary Information to 2010 Results

*For information on each business's profitability, please also see the Supplementary Information to our Earnings Report.



Japanese Alcoholic Beverages (1)

Supplementary Information to 2010 Results

1. Strengthening alcoholic beverage marketing

- Enhancing brand power by focusing resources on core brands
 - Yebisu, SAPPORO Draft Beer Black Label, Mugi to Hop
- > Further diversifying alcoholic beverages
 - > Achieved sales target for new RTD product SAPPORO Nectar Sour Sparkling Peach
 - Wine: 4th straight year of operating income growth; Shochu: 3rd straight year of positive profit

2. Continued cost structure reforms

- Efficient allocation of marketing budget and more flexible cost management
- Consolidated domestic wine production into the Okayama Winery
- Boosted production efficiency, e.g., consolidated brewery production lines















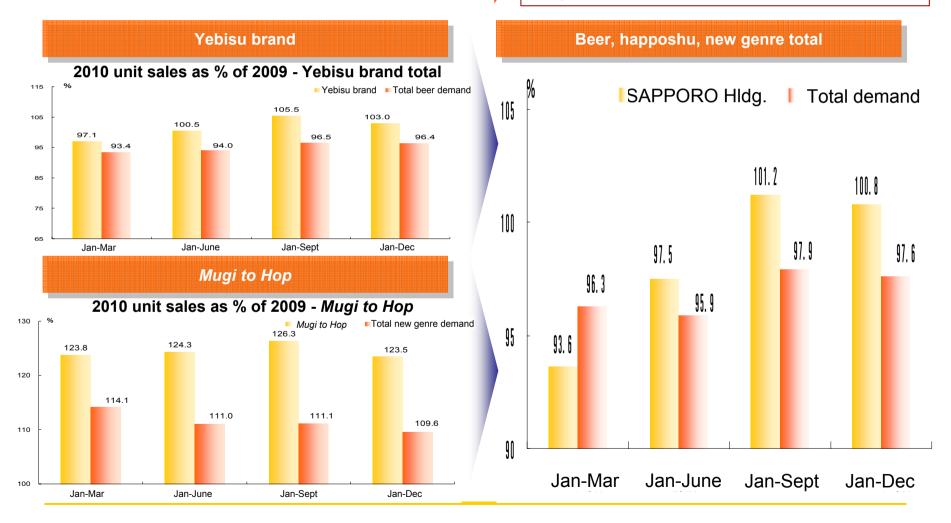


Japanese Alcoholic Beverages (2)

Growth in core Yebisu and Mugi to Hop brands



Boosted market share by generating YoY growth in unit sales which substantially outperformed total demand on a YoY basis



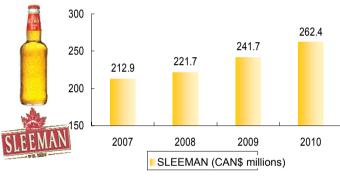


International Alcoholic Beverages

Supplementary Information to 2010 Results

Growth in North American business

Sales in Local Currency (Jan-Dec)



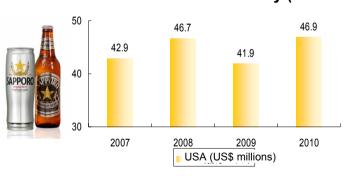
SLEEMAN (Canada)

- Boosted sales through marketing emphasis on premium brands
 - Aggressive marketing campaign including television commercials

As in 2009, again outperformed total demand in Canada in 2010

1	Unit sales (YoY)	'09	'10
	SLEEMAN brand	110%	105%
	Total Canadian demand	98%	Est. 100%

Sales in Local Currency (Jan-Dec)



SAPPORO USA

- Expanding from Japanese-American market base into the wider US and American-Asian markets
 - Over 50% growth in American-Asian market

Outperformed total demand for imported beers in the US in 2010

Unit sales (YoY)	'09	'10
SAPPORO USA Inc.	87%	113%
Total US demand for imported beer	90%	104%



Soft Drinks Business







Unit sales up 2% YoY

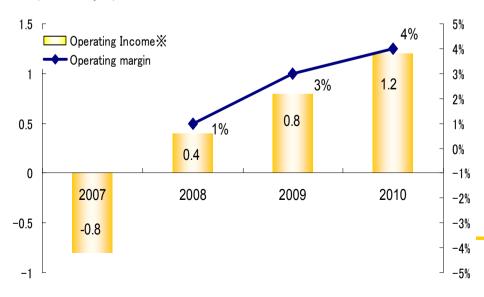
Steadily implemented cost structure reforms



3 straight years of growth in operating income and operating margin

Soft Drinks Operating Income and Operating Margin

(billions of yen)



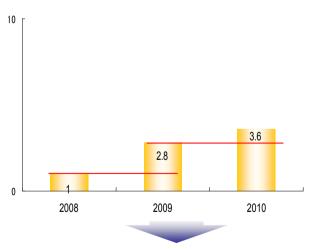
Supplementary Information to 2010 Results

Soft Drinks: Cost structure reforms complete*

(billions of ven)

YoY cost gains realized

- 1. Improvement of existing operations
- 2. Organizational consolidation and headcount adjustments
- 3. Cost minimization throughout all value chains



> ¥3.6 bn in cost reductions over 3 years



Real Estate Business (1)

Supplementary Information to 2010 Results



1. Boosting value of existing properties

- Set appropriate rent levels
- Maintained occupancy
- At end Dec 2010, central Tokyo office occupancy was around 91%. By contrast, occupancy rates for our major buildings appear in the table at right.

2. Growth initiatives

- Property development
- Shinjuku Square office building complete in June
- New property acquisitions
- Acquired Shibuya Sakuragaoka Square office building complete in April

Occupancy rates are averages for Jan-Dec

(at Dec. 31)

Major rental properties in central Tokyo	Site area (m²)	Floor area (m²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place *1	56,943	298,007	96%	40 floors above ground, 5 below
Seiwa Ebisu Bldg.	2,617	10,400	99%	6 floors above ground, 1 below
Ebisu Square	1,561	9,126	99%	7 floors above ground, 1 below
Shibuya Sakuragaoka Square	1,200	9,268	100%	10 floors above ground, 1 below
SAPPORO Ginza Bldg.	530	4,232	98%	10 floors above ground, 4 below
Strata Ginza *2	1,117	11,411	100%	13 floors above ground, 1 below

Site areas are taken from the land registry. Floor areas are as per building certification. *1. Figures are for entire property. SAPPORO holds an 85% stake (jointly managed).

Floor numbers are for office buildings only. Occupancy rates are for office areas only.

*2. Figures are for entire property. The site is sectionally owned; the building jointly managed.



Real Estate Business (2)

Overview of Our Real Estate Business

Real Estate business operating income is primarily from real estate leasing.

Our real estate leasing assets are concentrated in central Tokyo (see prev. page).

Operating income

(billions of yen)

	Jan-Dec '09	Jan-Dec '10	Chng.
Real estate leasing Tokyo's 23 wards	6.5	6.7	0.1
Other areas	0.9	0.8	-0.1
Real estate leasing total	7.5	7.5	0.1
Real estate sales	0.2	0.5	0.3
Other operations*	-0.2	-0.1	0.0
Total	7.5	8.0	0.4

EBIT	DΑ	*EBITDA = Operating income + Depreciation and amortization			
			(billions of yen)		
	Jan-Dec '09	Jan-Dec '10	Change		
Real estate leasing					
Tokyo's 23 wards	11.6	11.4	-0.2		
Other areas	1.6	1.5	-0.1		
Real estate leasing total	13.3	12.9	-0.3		
Real estate sales	0.2	0.5	0.3		
Other operations*	0.1	0.1	0.0		
Total	13.6	13.6	0.0		

*"Other operations" includes back-office operations.

Real estate leasing assets

(at Dec. 31)

(billions of yen)

Carry value on consolidated B/S: 173.6

Fair value at end 2010: 313.8

Difference: 140.2

For details, please see our Earnings Report.



Execution of Growth Strategy

Steady executed initiatives to lay the groundwork for future growth

- Entry into Vietnamese beer business
 - → Began brewery construction in July (slated for completion in autumn 2011)

 Conducted test-marketing with an eye to full-fledged market entry 2012, and we continued to formulate a marketing strategy and build a distribution network
- Entered into business alliance with South Korean Maeil Dairies Co., Ltd. In November
 - → Will start beer sales in South Korea in 2011
- Entered into a business alliance with Kyodo Milk Industry Co., Ltd. In November
 - → Aim to cooperate on R&D, raw material procurement, and logistics; specifics to be decided by discussion
- Tie-up with POKKA Corporation Advancing to the next stage in 2011
 - → Produced definite results, e.g., strengthening vending machine operations, engaging in joint product development, cooperating on sales, optimizing production operations, reducing procurement costs, building joint-logistics operations



Management Targets



Long-term Management Strategies: SAPPORO Group's New Management Framework

Basic approach: Working steadily toward long-term goals while also boldly revising resource allocations, executing strategic investments, and enhancing competitiveness through aggressive management

Goals (for 2016, 140th anniversary of founding)

- Consol. sales ¥600 bn (incl. liquor taxes) ¥450 bn (excl. liquor taxes)
- Consol. operating income ¥40 bn
- Operating margin 9% (excl. liquor taxes)
- ROE

8% or higher

D/E ratio

Around 1:1



- Four basic strategies for growth
- 1. Concentrate resource on high-value-added products and services
- 2. Engaging in strategic alliances aimed at building competitive advantage and expanding business
- 3. Actively expanding overseas operations
- 4. Expanding group synergies on the strategic and operational fronts

Food value creation

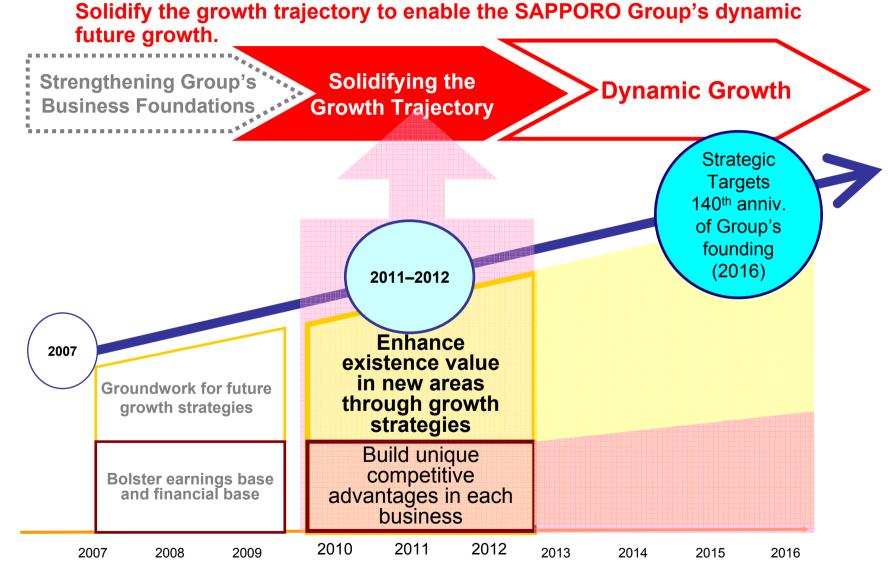
Creating comfortable surroundings

2007

(Announced Oct. 2007)



Position of SAPPORO Group Management Plan 2011–2012





2011-2012 Management Targets

Producing solid gains toward achieving the New Management Framework's targets.

target				Consol Tarç				
	2006 results	2010 results	2011	1 target	2012 ta	rget	20	16 targets
Consolidated net sales *incl. liquor taxes	¥435.0 bn	¥389.2 bn	¥	482.0 bn	¥519	9.5 bn		¥600.0 bn
(excl. liquor taxes)	¥294.0 bn	¥269.8 bn	¥	363.0 bn	¥400	.5 bn		¥450.0 bn
Consolidated operating income	¥8.6 bn	¥15.4 bn		¥18.0 bn	¥20	.0 bn		¥40.0 bn
(before goodwill amort.)	¥8.6 bn	¥16.5 bn		¥21.5 bn	¥24	.0 bn		∓40.0 DII
Consolidated ordinary income	¥5.8 bn	¥14.3 bn		¥15.5 bn	¥18	3.0 bn		-
Consolidated net income	¥2.3 bn	¥10.7 bn		¥6.0 bn	¥8	3.0 bn		-

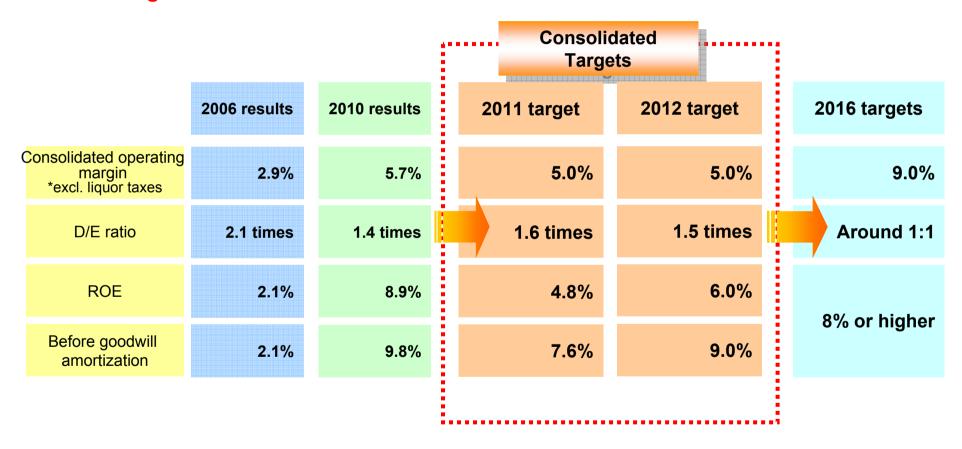
^{*}New synergistic effects derived from integration with POKKA Corporation are not included in targets.

^{*}Assumed exchange rates: 2011-2012: US\$ = ¥88, CAN\$ = ¥87



2011-2012 Management Targets (continued)

Producing solid gains toward achieving the New Management Framework's targets.



^{*}New synergistic effects derived from integration with POKKA Corporation are not included in targets.



2011-2012 Management Targets -Net Sales by Segment-

T	argets by					
	Segment	2010 results	2011 targets	2012 targets		
	Japanese Alcoholic Beverages	¥279.3 bn	¥286.7 bn	¥290.6 bn		
	International Alcoholic Beverages	¥25.3 bn	¥29.2 bn	¥32.2 bn		
	Soft Drinks	¥33.9 bn	¥37.4 bn	¥39.8 bn		
sales	POKKA Group	_	¥78.9 bn	¥103.9 bn		
Net sa	Restaurants	¥26.4 bn	¥25.5 bn	¥26.3 bn		
Ž	Real Estate	¥23.5 bn	¥23.0 bn	¥24.7 bn		
	Other Businesses	¥0.6 bn	¥1.3 bn	¥2.0 bn		
	Total	¥389.2 bn	¥482.0 bn	¥519.5 bn		

^{*}Segmentation used for earnings forecasts: From the first quarter of fiscal 2011, the Company adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (and its associated Guidance). In accordance with the standard and guidance, the Company identifies segments using a simplified method based on the management approach.

Note that the figures are net of goodwill amortization that will arise upon the acquisition of POKKA shares (2011: ¥1.2 bn; 2012: ¥1.4 bn).

^{*}The POKKA segment ("POKKA Group") represents figures for POKKA Corporation from Q2 onward.

^{*}New synergistic effects derived from integration with POKKA Corporation are not included in targets.

^{*}Assumed exchange rates: 2011-2012: US\$ = ¥88, CAN\$ = ¥87



2011-2012 Management Target -Operating Income by Segment-

SAPPORO					
	Targets by Segment	2010 results	2011 targets	2012 targets	
	Japanese Alcoholic Beverages	¥9.2 bn	¥9.8 bn	¥10.6 bn	
a	International Alcoholic Beverages	¥0.5 bn	¥0.1 bn	¥0.3 bn	
income	Soft Drinks	¥1.2 bn	¥0.7 bn	¥0.7 bn	
	POKKA Group	_	¥2.3 bn	¥2.4 bn	
Operating	Restaurants	¥0.1 bn	¥0.4 bn	¥0.6 bn	
pera	Real Estate	¥8.0 bn	¥8.3 bn	¥9.0 bn	
0	Other Businesses	–¥0.7 bn	–¥0.4 bn	–¥0.3 bn	
	Corporate and intercompany eliminations	–¥ 3.0 bn	–¥3.2 bn	–¥3.3 bn	
	Total	¥15.4 bn	¥18.0 bn	¥20.0 bn	

^{*}Segmentation used for earnings forecasts: From the first quarter of fiscal 2011, the Company adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (and its associated Guidance). In accordance with the standard and guidance, the Company identifies segments using a simplified method based on the management approach.

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^{*}New synergistic effects derived from integration with POKKA Corporation are not included in targets.

^{*}Assumed exchange rates: 2011-2012: US\$ = ¥88, CAN\$ = ¥87

Basic Strategies



Basic Strategies

We will solidify our growth trajectory through three basic strategies and by generating synergies through our integration with POKKA Corporation.

I. Growth in new areas

We will pursue definitive results and enhance our existence value in new areas identified based on our growth strategy

II. Growth in all businesses

Harnessing the strengths offered by our brands and enterprise resources, we will build unique competitive advantages.

III. Bolster management capabilities that underpin growth

We will bolster our group management framework to meet the challenges of the Group's expansion and diversification

Synergies generated through integration with POKKA Corporation

Solidify the growth trajectory, generate dynamic growth



Basic Strategies Aimed at Solidifying the Growth Trajectory (Supplementary Information)

I. Growth in New Areas

★ Producing definitive results by laying the groundwork for growth.

- 1. Expanding Business in the Food Sector (Soft Drinks & Food)
- Produce definitive results in areas based on our growth strategies so far
- In the aim of entering new markets where we can give play to the Group's strengths and knowhow, continue making acquisitions and alliances and moving into new product categories
- Go beyond the "alcoholic beverages" label in the International Alcoholic Beverages business and expand the scope of our *International Operations*
- 2. Actively Expanding in Asia
- Success of Vietnamese beer business (plant slated for completion in autumn 2011, full-fledged market entry in 2012)
- Expand beer business in Asian markets



Basic Strategies Aimed at Solidifying the Growth Trajectory (Supplementary Information)

II. Growth in All Businesses

- ★ Reinforcing the Group's foundations by generating further growth in all businesses.
- Japanese Alcoholic Beverages
 Bolster brands by concentrating resources on core products
 Offer customers new value propositions



Excitement and joy that goes beyond mere customer satisfaction

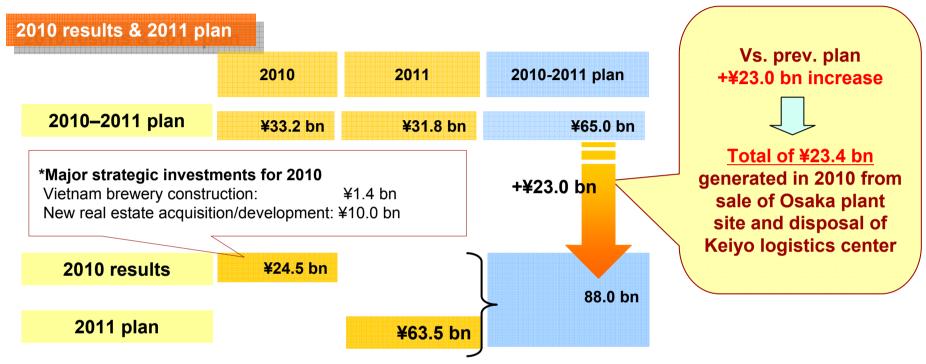


Sustained growth

- Restaurants Business
 Actively rollout the Yebisu Bar format, a new format that taps into synergies with SAPPORO Breweries Ltd.
- Real Estate Business
 Maintain and bolster stable earnings platform by enhancing the value of prime property holdings



Strategic Investment



Investment Policy for 2012 Onward

- Continue actively making strategic growth investments to drive the SAPPORO Group's growth.
- Envisioning ¥150–200 bn in strategic investments over 2012–2016

^{*}Strategic investments include ordinary capital expenditures.

Business Plans



Japanese Alcoholic Beverages

To achieve sustained growth, we will aim to provide the greatest excitement and joy to customers in the beer, shochu, wine, and RTD (ready-to-drink) sectors while implementing structural reforms and working vigorously to achieve our sales and profit targets.

Quantitative targets	2010 results	2011 targets	2012 targets
Net sales	¥279.3 bn	¥286.7 bn	¥290.6 bn
Operating income	¥9.2 bn	¥9.8 bn	¥10.6 bn

Management Plan 2011-2012 Key Points

1. Strengthening alcoholic beverage marketing







We will endeavor maintain the previous year's momentum and increase sales by winning additional customer support using a select-and-focus approach (selectively focusing resources on key areas).

(1) Enhancing brand power by focusing resources on core products

We will enhance our presence in the beer and new-genre markets by strategically focusing resources on Yebisu, SAPPORO Draft Beer Black Label, and *Mugi to Hop*, which account for three-quarters of case sales.

Marketing Theme: "Flavors of Excitement and Joy!" Campaign Slogan: "Bringing More Cheer to Your 'Cheers!"



Japanese Alcoholic Beverages

Management Plan 2011-2012 Key Points (continued)

Launch SAPPORO Premium Free in March, a new product that provides a strong, full flavor to satisfy beer lovers.

(2) Laying the groundwork for growth in expanding areas

To lay the groundwork for growth we will offer products that embody SAPPORO's strengths in the non-alcoholic beer market, which we expect to expand in line with market changes, and in the market for RTD beverages, which are highly substitutable for household beers.

(3) Expansion of the wine and shochu sectors

Over the medium term, we intend to expand our non-beer alcoholic beverages operations, which include RTD beverages, to a scale capable of generating annual operating income of ¥2.0 billion. We will do this by boosting brand power and offering innovative value propositions.

2. Strengthening the operating base

- To achieve our financial targets, we will implement management-driven projects to resolve issues, especially with respect to critically important cross-organizational priorities such as cost structure reforms and organizational strengthening.
- In cost structure reforms in particular, our activities will be directed at achieving ¥3.0 billion in cost reductions from 2011 to 2013.







International Alcoholic Beverages

We will strengthen and expand our brand in North America and Asia as our top priorities while also expanding beyond our traditional alcoholic beverages operations to transform the International Alcoholic Beverages business into broader *International Operations*

Quantitative targets	2010 results	2011 targets	2012 targets
Net sales	¥25.3 bn	¥29.2 bn	¥32.2 bn
Operating income	¥0.5 bn	¥0.1 bn	¥0.3 bn

Management Plan 2011-2012 Key Points

1. Growing our North American business

(1) Marketing strategies

- SLEEMAN will continue to strive for growth above the market average through further investm marketing of premium brands.
- SAPPORO USA will continue to position itself for additional growth by expanding its focus bey the Japanese-American community to encompass the wider American and American-Asian mai
- We will also consider mergers, acquisitions, and alliances for further business expansion in the US.

(2) Bolstering production capabilities

To accommodate future sales growth, we intend to establish an optimal production structure across North America by conducting a review of SLEEMAN's production systems and considering production facilities expansion, consignment production, and M&A activities.

(3) Cost structure reforms

At SLEEMAN, we will strive for further improvements in product quality and cost efficiency by implementing quality control, process stabilization, and SKU (stock-keeping unit) reduction.



International Alcoholic Beverages

Management Plan 2011-2012 Key Points (continued)

2. Expanding into the Asian market

(1) Operations in Vietnam

- In 2011, we will continue brewery construction with completion scheduled for autumn while also strengthening our marketing operations through ongoing test-marketing and development of a distribution network.
- In 2012, we will launch a marketing program that includes media advertising and go into full-swing with sales as we attempt to quickly capture market share and establish the SAPPORO brand in Vietnam.
- We will also endeavor to expand SAPPORO brand sales in countries surrounding Vietnam.

(2) Other business development in Asia

- In Singapore, we will continue to expand our sales channels and enter the household market in cooperation with POKKA Corporation.
- In South Korea, a market that we reentered last year, we will begin full-scale beer sales through the sales network of alliance partner Maeil Dairies Co., Ltd., a major South Korean dairy goods manufacturer.

3. Activities to expand the scope of business

While making the alcoholic beverage business our core business, we will continue to pursue activities in new businesses in which we can demonstrate group synergies, including mergers, acquisitions, and alliances.



Soft Drinks

The Soft Drinks business will pursue a growth strategy based on brand-building and undertake measures designed boost its operating margin, under our corporate vision ," For everyone's smile, we will provide unforgettable taste with infinite passion"

Quantitative targets	2010 results	2011 targets	2012 targets
Net sales	¥33.9 bn	¥37.4 bn	¥39.8 bn
Operating income	¥1.2 bn	¥0.7 bn	¥0.7 bn

Management Plan 2011-2012 Key Points

1. Marketing strategies

- Enhancing our brand power
- We intend to strengthen our brand power by concentrating marketing investment and sales efforts on core brand products.
- -We will also work to improve our product development infrastructure with an eye to the creation of new high-value-added products.

2. Cost structure reforms

• Implementing our cost structure reform program

We will implement cost structure reforms throughout the entire value chain using a select-and-focus approach (selectively focusing resources on key areas).



Restaurants

We will work to invigorate existing restaurants and develop formats differentiated from the competition. We will also undertake cost structure reforms from a medium-term perspective to enable the business to weather economic change.

Quantitative targets	2010 results	2011 targets	2012 targets
Net sales	¥26.4 bn	¥25.5 bn	¥26.3 bn
Operating income	¥0.1 bn	¥0.4 bn	¥0.6 bn

Management Plan 2011-2012 Key Points

1. Positioning for growth

(1) Measures for existing restaurants

To increase customer traffic, we will continue to conduct promotional campaigns and boost sales activities directed at corporate customers.

(2) New restaurant opening strategy

- In 2011, we plan to open new restaurants totaling around 500 tsubo (approx. 1653 square meters) in size.
- We will roll out the new Yebisu Bar format that takes advantage of synergies with SAPPORO Brewery.

2. Cost structure reforms

Cost reductions

We will implement cost structure reforms by closing unprofitable restaurants (six closures are planned in 2011) and reducing rent and other fixed costs while at the same time controlling personnel expenses through tighter work-shift management.



Real Estate

We will work to maintain and reinforce our stable profit structure and enhance the value of the SAPPORO Group's properties. We will carefully screen new prospects and acquire only prime properties.

Quantitative targets	2010 results	2011 targets	2012 targets
Net sales	¥23.5 bn	¥23.0 bn	¥24.7 bn
Operating income	¥8.0 bn	¥8.3 bn	¥9.0 bn

Garden Place

Management Plan 2011-2012 Key Points

1. Enhancing the value of our properties

(1) Value enhancement of Yebisu Garden Place

- We will seek to maintain rents at appropriate levels and to maintain and increase the occupancy rate through an increased focus on value and tenant satisfaction.
- We will endeavor to enhance the appeal of the area and increase the number of visitors through shop and restaurant renovation.

(2) Embarking on redevelopment of properties in the Ginza and Ebisu areas

We will embark on measures to boost future earnings. Specifically, we will enhance the value of our prime properties, begin preliminary preparations to reconstruct the SAPPORO Ginza Building and the Seiwa Ebisu Building.

2. Acquiring new assets

We will continue to carefully screen properties, taking into consideration Group investment priorities and return on investment.



Other Businesses (Food)

We will seek to offer a line of distinctive products and expand profits in the Food business through maximization of intra-group synergies, streamlining, and greater efficiency.

Quantitative targets	2010 results	2011 targets	2012 targets
Net sales	¥0.6 bn	¥1.3 bn	¥2.0 bn
Operating income	–¥0.7 bn	–¥0.4 bn	–¥0.3 bn

Management Plan 2011-2012 Key Points





(1) Expanding our confectionery business (SAPPORO Fine Foods)

- With regard to the Potekaru range, we intend to expand sales by such means as developing and introducing new products based on new ingredients and new concepts.
- As we develop the product line, we will control costs by using an efficient production system.

(2) Developing our yogurt, dessert, and chilled beverages business (Azumino Food*Equity method)

In addition to increasing sales of existing products, we will aim to develop and launch functional yogurt made using SAPPORO Breweries' lactobacillus, establish the product in the market, and increase sales.



Group Management Strategy

★ We will bolster our flexible, efficient group management framework to meet the challenges presented by the Group's business domains, which will expand and diversify as we execute our growth strategy.

Restructuring of Group Headquarters

- We will implement a new Group structure. The holding company will specialize in growth strategy formulation, finances, auditing, etc. Specialized tasks common throughout the Group will be handled by a functional support company (SAPPORO Group Management (tentative name)).
- External communications, such as IR, and internal communications will be consolidated in the holding company. This will ensure appropriate and fair disclosure and bolster communication with customers, shareholders, and other stakeholders.
- We will further consolidate common tasks and functions, such as logistics, purchasing, and IT, in the functional support company and institute a strong, low-cost operating structure for the entire Group.

Stepping Up Development of Group Employees

- We will step up employee development in the aim of strengthening our ability to execute the growth strategy and adaptability to change.
 We will encourage employee interaction and diversity within the Group, and aim to develop employees capable of meeting the challenges presented by the expansion and diversification of our business.
- We will run a globally competent HR development program to cultivate employees capable of executing our international strategies.

Returning Profits to Shareholders



Returning Profits to Shareholders

Basic Policy

 Providing fair returns to our shareholders is a key management policy of our Group. Our basic policy is to pay stable dividends to the extent permitted by our operating performance and financial condition.

We also aim to maximize corporate value by internally retaining funds to strengthen our financial base and strategically invest in growth businesses in accord with our Management Plan.

Dividend Policy

• We will pay a dividend of ¥7 per share from retained earnings for the year ended December 31, 2010. For 2011, we plan to again pay annual dividends of ¥7 per share by steadily carrying out our Management Plan to enhance earnings while also making strategic investments and strengthening our financial foundation.

To make people's lives richer and more enjoyable.



The earnings forecasts and forward-looking statements appearing in this document were prepared by the SAPPORO Group based on currently available information and its best assessment of potential risks and uncertainties. Actual outcomes may differ materially from forecasts due to changes in various underlying factors.



Commencement of Discussions on Operational Integration of the SAPPORO Group and POKKA Group

SAPPORO HOLDINGS LTD. POKKA CORPORATION

February 10, 2011



Contents

- Background to Commencement of Integration Discussions
- Steps to Integration
- New Post-Integration Structure
- Future Plans



SAPPORO & POKKA P Background to Commencement of Integration Discussions

Synergies Derived from 2009 Capital and Business Alliance

Upon formation of the capital and business alliance, the efforts of both companies generated synergies in various areas

- Optimization of production systems and use of joint procurement
- Reciprocal stocking of vending machines
- Cross-merchandising of alcoholic and food products
- International expansion through POKKA Singapore's sales routes

Generated around ¥500mn worth of synergies

*Synergies realized in 2010



To further enhance their corporate value, both companies agreed to take their alliance to the next stage (operational integration)



Steps to Integration

Toward Launch of the New Organizational Structure in April 2012

 The companies will now promptly establish an integration committee and commence discussions on reorganization of both groups' businesses and organizational structure, the holding company's management structure and name, etc.

*End-March 2011
Acquisition of POKKA shares
(21.4% → 85.5%)



April 2012: Launch of newly structured Food Value Creation Group

Integrated holding company (currently SAPPORO Holdings)

*The integration committee will discuss all relevant matters including the group's organizational structure and the holding company's name

Toward a food value creation group with competitive strength in the alcoholic beverage, soft drink, food, and restaurant sectors in Japan and abroad

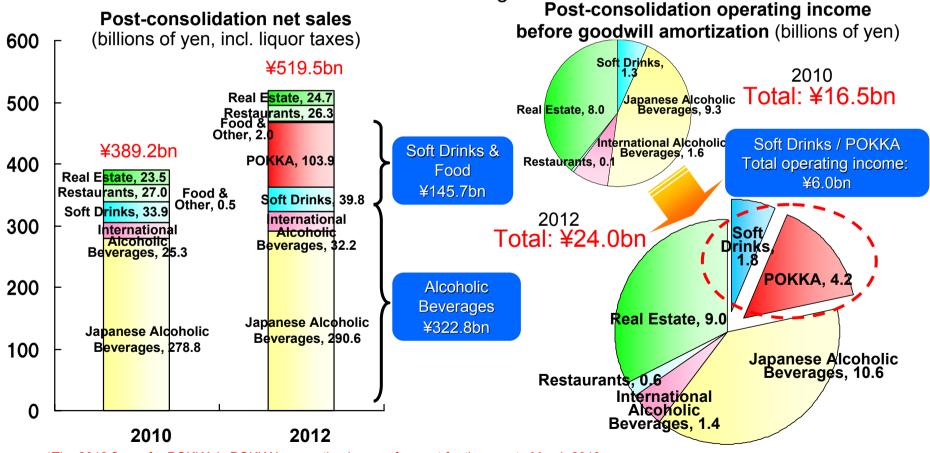






Generating Group Growth and Building a Well-balanced Business Portfolio

- ★The newly consolidated group will have annual sales exceeding ¥500 billion
- ★We will evolve into a group with firmly established soft drinks and food businesses and a good balance between revenues from alcoholic beverages and real estate



*The 2012 figure for POKKA is POKKA's operating income forecast for the year to March 2013. *Figures for 2012 do not include new synergistic effects generated in the future.



Building a Food Value Creation Group Based on Complementary Businesses

★We will harness the complementary aspects of each company's various business to generate synergies and build a food value creation group with even more robust foundations.

Key Themes

- Enhancing complementary aspects of the soft drinks, food, and restaurants businesses
- Accelerating international expansion
- Combing R&D and technological innovations to create new value



Enhancing Complementary Aspects of Soft Drink Operations

- ★Combining each company's strengths in the household, commercial-use, vending machine, and other markets to expand sales
- ★Enhance product lineups to reach a broader range of customer segments





Expanding the Food Business

- ★ Market unique brands in the distinctive food sector
- ★Offer products that provide value by contributing to customers' health and abundant lifestyles
- ★Expand the commercial-use market by using beer sales routes

Lemon-based products

No. 1 share in household market



Soup products

No. 2 market share





Functional potato chips

Non-fried potato chips

One pack contains only 138Kcal







Commercial-use products





New health-oriented product categories







Expanding the Restaurants Business

★Combine alcohol-selling format (nighttime) knowhow with cafe format (daytime) knowhow to develop new formats and menus

149

Crie





Number of locations	Total	Hokkaido	Tohoku	Kanto	Chubu	Kansai & Chugoku	Kyushu
SAPPORO Lion	194	27	11	129	19	5	3
Cafe de							

101

Nighttime

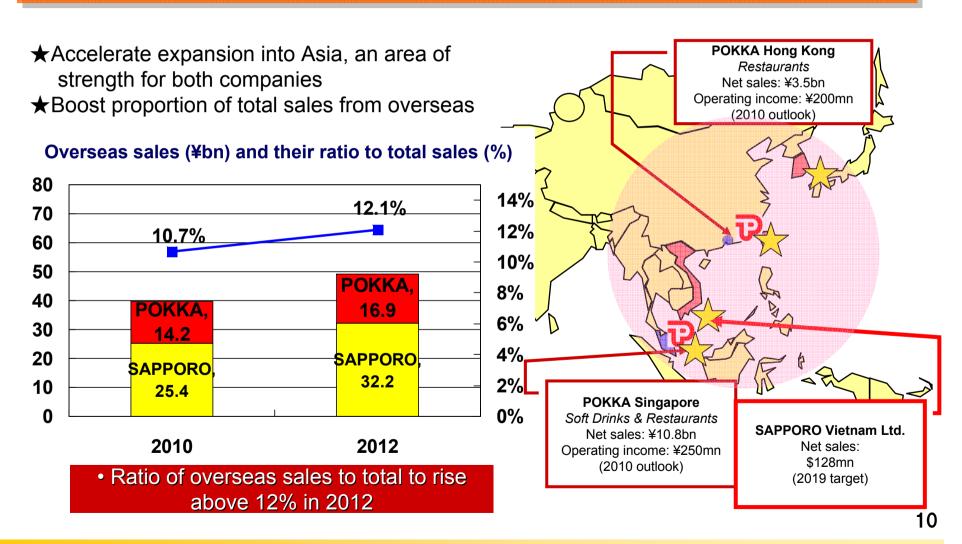
New formats

Menu
development

Daytime



Accelerating International Expansion





Combing R&D and Technological Innovations to Create New Value

Tap into new value markets



SAPPORO

★Insight born of a selective approach to ingredients since our inception



POKKAP

★Insight accumulated from the coffee, lemon-based products, and soups businesses





Future Plans

Forming an Integration Committee

Integration committee overview

- We will set up the committee as soon as possible
- Both companies' presidents will provide leadership
- The committee will discuss matters such as organization structure and name changes in the aim of forming a Food Value Creation Group with competitive strength and distinctive characteristics in the alcoholic beverage, soft drink, food, and restaurant sectors in Japan and abroad





We will overcome barriers presented by SAPPORO's and POKKA's differing cultures and join forces to launch a **Food Value Creation Group**







These materials contain forward-looking statements regarding but not limited to future earnings and future actions, circumstances, and occurrences. These statements are based on information available when these materials were prepared and are subject to risks and uncertainties.

Actual results and financial performance may therefore differ materially from those expressed or implied by forward-looking statements in these materials because of changes in various factors.



POKKA Corporation

- 1. Representative: President & CEO Masatoshi Hori
- 2. Head office: 4-2-29 Sakae, Naka-ku, Nagoya Prefecture, Aichi, Japan
- 3. Established: April 11, 1968

(Founded: February 22, 1957)

- 4. Main businesses: Manufacture and sale of foods and beverages
- 5. Fiscal year end: March 31
- 6. Number of employees: 2,473 (consolidated, as of March 31, 2010)
- 7. Share capital: 2,376 million yen
- 8. Number of issued shares: 9,487,000

(as of March 31, 2010)



Performance by Business Segment

Net sales (billions of yen)

	Beverages / Foods	Restaurants	Other	Eliminations	Consolidated
FY2011Estimate	86.2	9.7	9.0	-5.9	99.0
FY 2010	83.3	9.4	8.9	-4.6	97.1
FY 2009	82.9	8.8	9.5	-4.7	96.5

Operating income (billions of yen)

	Beverages / Foods	Restaurants	Other	Eliminations	Consolidated
FY2011Estimate	3.3	0.3	0.1	0.1	3.8
FY 2010	1.4	0.2	0.1	0.1	1.8
FY 2009	1.1	0.2	0.2	0.1	1.7



Beverages and Foods Business (Japan)

POKKA Corporation

Operates a nation-wide network of beverage vending machines based on its core **lemon-based products**, **coffee**, and **soups**

businesses.



Lemon



Coffee



Soup



Vending machines

Developing new health-oriented product categories



Fine flavors created with carefully selected ingredients





Beverages and Foods Business (Overseas)

POKKA Corporation Singapore Pte Ltd

• Established in 1977. In 1993, POKKA Corporation Singapore established a joint-venture company, POKKA Ace (M) Son. Bud., in Malaysia. POKKA Corporation Singapore manufactures and sells beverage products in Asian and other countries.



Tea beverages are the company's best-selling products. Its green tea products, in particular, boast a market share of around 70% in Singapore.







Restaurants (Japan)

POKKA Create Co., Ltd.





Operates coffee shop franchise Cafe de Crie:

101 locations in the Kanto area, 31 in the Tokai area, 17 in the Kansai area. <u>Total: 149 locations</u> (as of February 2011)

Restaurants (Overseas)

POKKA Corporation (HK) Ltd.

POKKA Food (Singapore) Pte. Ltd.

Operate a variety of restaurants in Hong Kong and Singapore: 26 locations in Hong Kong, 10 in Singapore, 1 in Macao. <u>Total: 37 locations</u> (as of September 2010)







Other Businesses

Foremost Blue Seal, Ltd.



Manufacture/sale of Blue Seal ice cream "Born in America and raised in Okinawa"





BigDip 牧港店

POKKA Logistics Co., Ltd.

Transportation/warehousing mainly of POKKA beverages

POKKA Machine Co., Ltd.

Design/manufacture of energy-saving machines and production lines for various beverages