



2013

Sapporo Group Business Results Presentation for the Nine Months ended September 30, 2013

October 31 2013

SAPPORO HOLDINGS LIMITED

URL <http://www.sapporoholdings.jp/english>

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- 1. Overview of the First Nine Months of 2013**
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Reference: Management Targets 2013-2014

**Reference: Supplementary Information to Results for the
First Nine Months of 2013**



1. Overview of the First Nine Months of 2013



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Overview of the First Nine Months of 2013

Overview of the First Nine Months of 2013

➤ **Sales increased by ¥14.7 billion, operating income by ¥3.8 billion, and net income by ¥4.8 billion**

• **Japanese Alcoholic Beverages: Sales increased by ¥3.1 billion, operating income by ¥4.6 billion:**

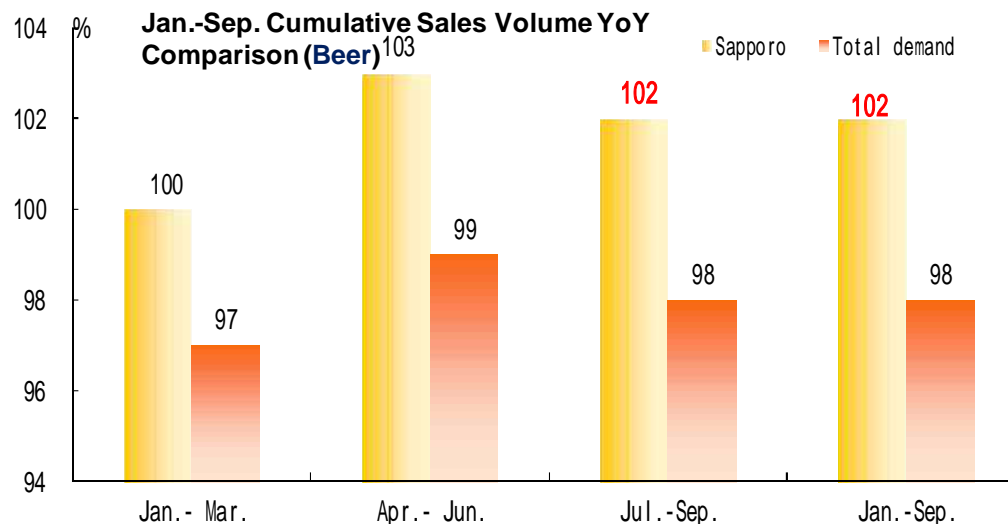
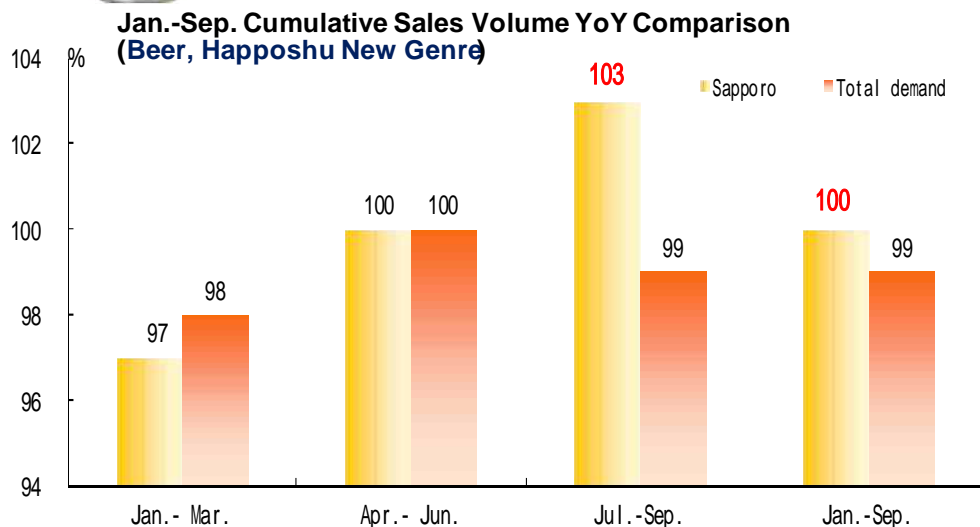
Sales volume of beer grew strongly, exceeding the level of the previous year, as **Yebisu Beer sales** continued to **expand**.

In addition to increased sales for beer and beer-type beverages compared to the previous year, with sales of new-genre product **Goku zero increased**, and sales of wine, western spirits and shochu also rose, resulting in increased sales for the entire segment.

Operating income also rose significantly as a result of increased sales as well as tighter cost controls beginning with marketing expenses.



- Launched **Goku zero**, the world's first beer-type beverage with no carbohydrates or purine bodies, on June 19.
- Initial sales plan of 2.2 million cases was **upwardly revised to 3 million cases (large bottle count)**
- **About 2.1 million cases sold as of the end of September**, exceeding the plan.





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Overview of the First Nine Months of 2013

Overview of the First Nine Months of 2013

• **International Business: Sales increased by ¥9.9 billion, operating income by ¥0.8 billion**

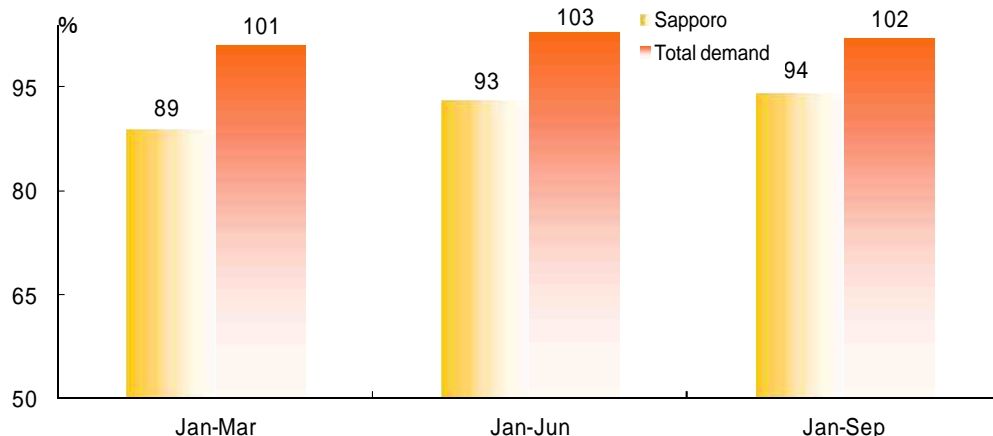
Both sales and profits increased on the back of local currency-based growth in North America and Vietnam as well as the addition of Silver Spring Citrus, whose consolidation started in April 2012, in addition to the impact of yen depreciation.

• **Food & Soft Drinks: Sales increased by ¥2.5 billion, operating income declined by ¥1.3 billion**

Sales increased, despite the **decrease in domestic soft drinks sales** from the beginning of the year due to the impact of integration preparations in the previous year on normal sales activities, and also of the decrease in product items, as net increase of POKKA ACE Malaysia, whose consolidation began at the start of the year, contributed.

Decline in operating income is due to the **impact of the decrease in profits in domestic soft drinks through the 2nd quarter**

Jan.-Sep. Cumulative Sales Volume YoY Comparison
(Domestic soft drinks)



Food & Soft Drinks Operating income before goodwill
amortization by each quarter YoY

	Jan-Mar	Apr-Jun	Jul-Sep	Jan-Sep
Operating income 2013	(1.1)	0.1	1.6	0.5
Operating income 2012	(0.6)	0.7	1.7	1.8
Change	(0.5)	(0.6)	(0.1)	(1.3)

• **Income before income taxes and minority interests: increased by ¥9.1 billion**

Increased as a result of factors including the recording of a ¥3.5 billion gain on sales of investment securities as extraordinary gains.



2. Progress of Implementation of 2013 Basic Strategies



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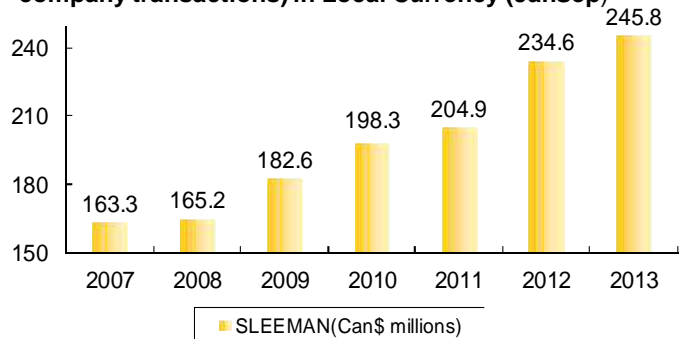
Progress of Implementation of 2013 Basic Strategies

Creating new opportunities for growth

➤ Restructuring of North American Production Facilities: International Business

- Production of Sapporo brand products for the U.S. market was outsourced from SLEEMAN Breweries in Canada to City Brewing Company, a major contract beverage manufacturer in the U.S., from July, as the SLEEMAN facility was operating at full capacity.
- Canada: Tackled the increased domestic demand for the Sleeman brand by boosting production capacity
- U.S.: Met increased demand for Sapporo brand products.
- Built a foundation for further growth in the growing North American beer market

SLEEMAN Net Sales (before elimination of inter company transactions) in Local Currency (JanSep)



SLEEMAN (Canada)

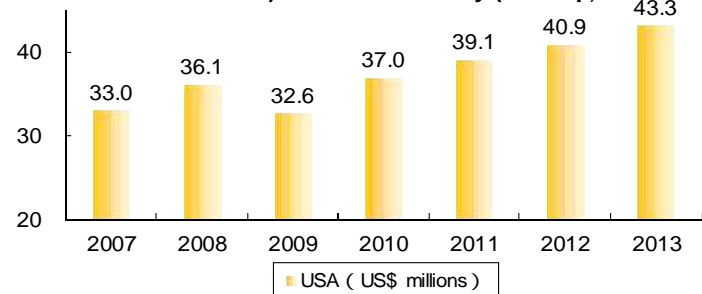
- Sales growth on increased investment in marketing of premium brands
 - Sales growth higher than total demand growth in Canada

(Jan-Sep) ^{Post M&A,} 7th straight year of year-over-year volume growth!
1.5 times compared to 2006!

Unit sales (YoY)	2012	2013
SLEEMAN*	107%	104%
Canada total demand	Approx. 103%	Approx. 97%

*Excluding Sapporo brand

Sapporo USA Net Sales (before elimination of intercompany transactions) in Local Currency (JanSep)



Sapporo USA (U.S.)

- Expanding from the Japanese American market into wider U.S. and Asian-American markets
 - Performance better than U.S. total import beer demand for the previous year

(Jan-Sep) 4th straight year of year-over-year volume growth!
Impact of collapse of Lehman Brothers in 2009

Unit sales (YoY)	2012	2013
Sapporo USA*	103%	107%
US total import beer demand	Approx. 98%	Approx. 99%

*Sapporo brand



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Progress of Implementation of 2013 Basic Strategies

Creating new opportunities for growth

➤ Reorganization of restaurant business in Singapore: Restaurants

- Transfer of the restaurant business in Singapore from POKKA Corporation (Singapore) Pte. Ltd. to Sapporo Lion Limited in January
- **Brought forward the opening by one year of the 1st Ginza Lion in Singapore to October**
- Spreading the beer hall culture around the world – start of overseas operations
- Initial plan: Aim to operate 10 beer halls in Singapore and elsewhere in Southeast Asia within five years

Singapore Tonkichi



Singapore Ginza Lion Beer Hall



- Singapore outlets: total of 11 (as of September 30, 2013)
 - Tonkichi (pork cutlets): 4 outlets
 - Domani (Italian): 1 outlet
 - Rive Gauche (pastry): 6 outlets

Challenges toward growth in all businesses

- See the segment pages in Reference: Supplementary Information to Results for the First Nine Months of 2013.



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Progress of Implementation of 2013 Basic Strategies

Carrying out growth measures

➤ Activities to enhance the value of existing properties: Real Estate

- **In consideration of the resolution of excess supply due to a spate of office building construction and recovery in rent level in the real estate rental market from now on, enhance the value of existing properties through renewal.**
- Implementation of measures to enhance the value of Yebisu Garden Place in preparation for its 20th anniversary in 2014
 - Office renewal focused on business continuity, including augmentation of emergency power supply facilities in times of disaster, as well as enhancement of office convenience
 - Refurbishing commercial and restaurant facilities to enhance the appeal of the entire Ebisu area
- Redevelopment works at Seiwa Yebisu Building (tentative name: Sapporo Ebisu Building) including expansion of total floor area has been progressing favorably for completion in the autumn of 2014
- Continuing consultations with concerned parties regarding redevelopment of Sapporo Ginza Building, located in Ginza 4-chome (including expansion of total floor area)



Yebisu Garden Place

➤ Enhance lemon products' (foods) production capability: Food & Soft Drinks

- **Domestic Foods: Added lemon products (foods) production line in Kitano Nagoya City, enhanced production capacity**

Constructed a new building and set up cutting-edge production line in response to the growth strategy for the core business of Pokka Lemon 100. Production capacity can be increased by a maximum of 70% compared to present capacity. Start of operations scheduled for December 2013



Seiwa Yebisu Building (artist's rendering)
(Tentative name: Sapporo Ebisu Bldg.)

➤ Strengthening of the soft drinks business in Southeast Asia: Food & Soft Drinks

- **Overseas Soft Drinks: POKKA Singapore to construct a new plant in Malaysia and double production capacity**

Planned start of construction in Johor State at the end of June, with full-scale operation planned for April 2014

Resolution of chronic supply shortages in Singapore and export market. Strengthening the business in Malaysia, the most important market in Southeast Asia, and surrounding countries

Nagoya plant new building (artist's rendering)



Malaysia plant (artist's rendering)



Malaysia plant ground-breaking ceremony





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Progress of Implementation of 2013 Basic Strategies

Carrying out growth measures

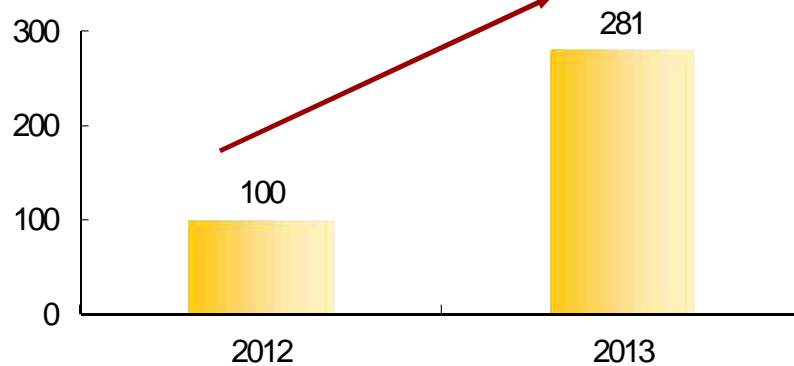
State of progress in Alcoholic Beverages Business in Vietnam: International Business

- Steady progress with sales volume in Vietnam, where full -scale marketing began in April 2012, and exports to neighboring countries have also been progressing well
- Substantial growth in sales volumes in Vietnam during the first Tet (New Year's Holiday) sales season after full-scale market entry
- Supply of beer kegs to expand beer culture in Vietnam. Plans to expand sales activities to Hanoi
- In Vietnam at the end of September, **we delivered to approx. 2,000 outlets in the commercial market, mainly in Ho Chi Minh City, and to approx. 2,500 outlets in the retail market, including convenience stores and large supermarkets.**
- Sequential start of export to neighboring countries in 2013: export to Malaysia, Singapore, Thailand, Australia, New Zealand, South Korea, Indonesia, Hong Kong, the Philippines, Myanmar, Cambodia, and Guam as of September 30
- Sapporo brand has a presence in eight of ten ASEAN countries

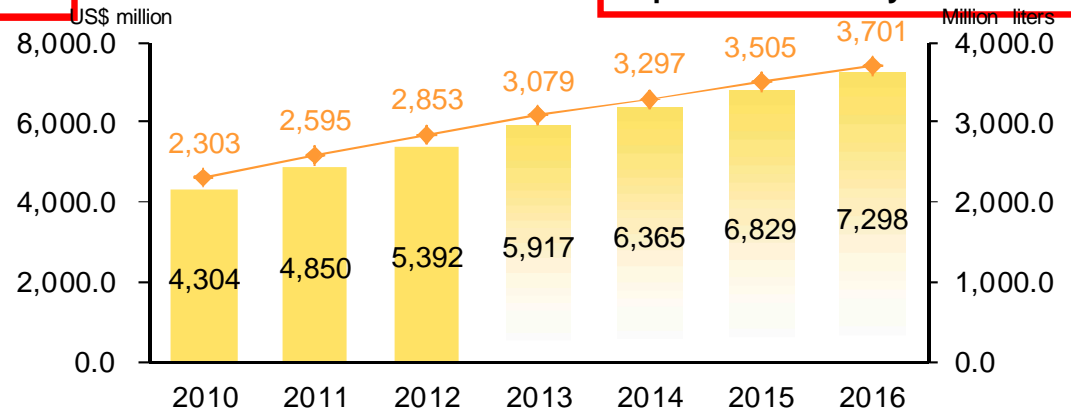


Third largest market in Asia after China and Japan

Jan-Sep 2013 sales volume, taking Jan-Sep 2012 volume (excluding exports) as 100



Beer market in Vietnam*



Expected to reach size of the Japanese market by 2020

* Euromonitor \$ mn Million liters



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Progress of Implementation of 2013 Basic Strategies

Implementation Status of Strategic Investments (Including Ordinary Capex)

Credit Ratings

<Capital expenditure (cash basis) and lease fees>

Consolidated total: Approx. ¥13.4bn

- Property, plant and equipment, intangible assets, lease fees, etc.

Major items:

- Nagoya plant (Food & Soft Drinks): approx. ¥0.6 billion, Malaysian plant (Food & Soft Drinks): approx. ¥0.5 billion, demolition of Seiwa Yebisu Building : approx. ¥0.3 billion, integration system (general corporate): approx. ¥0.7 billion, lease fees (Food & Soft Drinks, other): approx. ¥3.3 billion, etc.

<Other investments> Consolidated total: Approx. ¥4.2bn

Long-term prepaid expenses, investment securities, etc.

Major items:

- Long-term prepaid expenses (Japanese Alcoholic Beverages, Food & Soft Drinks) : approx. ¥2.7 billion, acquisition of treasury stock (general corporate): approx. ¥0.9 billion, investments in securities: ¥0.6 billion

<Jan-Sep 2013 strategic investment total(incl. ordinary capex)>

- **Approx. ¥17.6 bn**

<Credit rating by JCR>

- As of October 31, 2013: A- (stable)

<Credit rating by R&I>

- As of October 31, 2013: BBB+ (stable)

<Achievement of low-cost financing>

- In March 2013, issued ¥10 bn in five-year straight bonds at a low cost of **0.39%**

Direction of Long-Term Strategic Investments

- **We will continue to actively carry out strategic investments for growth.**
- **The scale of strategic investment from 2012 to 2016 is anticipated to be from ¥150 to ¥200 billion (in principle, funded from accumulated operating cash flow).**
 - Including ordinary capex (approx. half of strategic investments)
 - 2012 strategic investment total: Approx. ¥65.7 bn
 - **2013 strategic investment plan : Approx. ¥ 28.0 bn**



3. Overview of Results for the First Nine Months of 2013



Overview of Results for the First Nine Months of 2013: Special Factors

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Breakdown of special factors (net increase, etc.) that prevent meaningful year-on-year comparisons between net sales and operating income in 2012 and 2013 are shown below. See the Supplementary Information to the Earnings Report for factors behind changes resulting from other business activities.

Net Sales

<International Business>

- April 2012 consolidation of profit and loss account of Silver Springs Citrus
Jan-Mar 2013 net increase approx. +¥2.7 bn

<Food & Soft Drinks>

- January consolidation of profit and loss account of POKKA ACE Malaysia (change from equity method affiliate to consolidated subsidiary)
approx. +¥3.9 bn

<Real Estate>

- March 2012 inclusion of 15% of trust beneficiary rights for Yebisu Garden Place in the profit and loss account
Jan-Feb 2013 net increase approx. +¥0.4 bn

<Consolidated Total>

- Approx. +¥7.0 bn

Operating Income

<International Business>

- April 2012 consolidation of profit and loss account of Silver Springs Citrus
Jan-Mar 2013 net increase approx. +¥0.1 bn

<Food & Soft Drinks>

- January consolidation of profit and loss account of POKKA ACE Malaysia (change from equity method affiliate to consolidated subsidiary)
approx. +¥0.0 bn

<Real Estate>

- March 2012 inclusion of 15% of trust beneficiary rights for Yebisu Garden Place in the profit and loss account
Jan-Feb 2013 net increase approx. +¥0.2 bn

<Consolidated Total>

- Approx. +¥0.3 bn



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Overview of Results for the First Nine Months of 2013—Consolidated—

(billions of yen)

	2012 3Q	2013 3Q	YoY change	
			Amount	%
Consolidated net sales	354.7	369.5	14.7	4.2%
Consolidated operating income	5.5	9.4	3.8	68.9%
Consolidated operating income before goodwill amortization	8.4	12.4	3.9	47.0%
Consolidated ordinary income	4.4	8.8	4.4	100.1%
Consolidated net income	0.5	5.4	4.8	817.1%



Overview of Results for the First Nine Months of 2013 by Segment

Operating Income

	(billions of yen)		YoY change	
	2012 3Q*	2013 3Q	Amount	%
Japanese Alcoholic Beverages	0.8	5.5	4.6	541.2%
International	0.1	1.0	0.8	595.6%
North America, other	1.4	2.3	0.9	67.0%
Vietnam	(1.3)	(1.3)	(0.0)	—
Food & Soft Drinks	(0.1)	(1.5)	(1.3)	—
Restaurants	0.2	0.2	(0.0)	(17.2%)
Real Estate	7.1	6.7	(0.3)	(5.2%)
Other	(0.3)	0.1	0.4	—
General corporate	(2.4)	(2.7)	(0.3)	—
Consolidated operating income	5.5	9.4	3.8	68.9%
Consolidated operating income before goodwill amortization	8.4	12.4	3.9	47.0%

*Effective the three months ended March 31, 2013, Sapporo Logistics Systems Co., Ltd., which was previously included in the Japanese Alcoholic Beverages segment, and Pokka Logistics Co., Ltd., which was previously included in the Food & Soft Drinks segment, were reclassified to the Other segment. Additionally, effective the three months ended March 31, 2013, Pokka Food (Singapore) Pte. Ltd. which was previously included in the Food & Soft Drinks segment was reclassified to the Restaurants segment. These changes have been retroactively applied to the above figures for 2012.



Reference: 2013-2014 Management Targets

***2013-2014 management targets are unchanged from the figures announced on February 8, 2013.**



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2013-2014 Management Targets

	Consolidated targets				
	2006 results	2012 results	2013 targets	2014 targets	2016 targets
Consolidated net sales *incl. liquor taxes	¥435.0 bn	¥492.4 bn	¥512.0 bn	¥533.0 bn	¥600.0 bn
(excl. liquor taxes)	¥294.0 bn	¥379.7 bn	¥397.3 bn	¥416.0 bn	¥450.0 bn
Consolidated operating income	¥8.6 bn	¥14.4 bn	¥15.3 bn	¥17.8 bn	¥40.0 bn
(before goodwill amortization)	¥8.6 bn	¥18.2 bn	¥19.2 bn	¥21.6 bn	
Consolidated ordinary income	¥5.8 bn	¥13.6 bn	¥14.0 bn	¥16.5 bn	–
Consolidated net income	¥2.3 bn	¥5.3 bn	¥5.5 bn	¥7.0 bn	–
Consolidated operating margin *excl. liquor taxes	2.9%	3.8%	3.9%	4.3%	9.0%
(before goodwill amortization)	2.9%	4.8%	4.4%	5.2%	
D/E ratio	2.1 times	1.9 times	1.8 times	1.7 times	Around 1:1
ROE	2.1%	4.2%	4.1%	5.1%	8% or higher
(before goodwill amortization)	2.1%	7.3%	7.1%	8.0%	

*Assumed exchange rates: 2013-2014: US\$ = ¥85.00, CAN\$ = ¥83.00

*Since the government's consumption tax policy was uncertain as of February 8, the above 2014 targets do not take into account the impact of a consumption tax increase.



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2013-2014 Management Targets by Segment

		Targets		
		2012 results*	2013 targets	2014 targets
Net sales	Japanese Alcoholic Beverages	¥269.9 bn	¥275.2 bn	¥283.5 bn
	International Business	¥36.1 bn	¥43.3 bn	¥46.4 bn
	Food & Soft Drinks	¥129.0 bn	¥136.5 bn	¥145.5 bn
	Restaurants	¥26.6 bn	¥26.8 bn	¥28.2 bn
	Real Estate	¥23.2 bn	¥23.6 bn	¥22.4 bn
	Other Businesses	¥7.5 bn	¥6.6 bn	¥7.0 bn
	Corporate and intercompany transactions	—	—	—
	Consolidated total	¥492.4 billion	¥512.0 billion	¥533.0 billion
Operating income	Japanese Alcoholic Beverages	¥7.5 bn	¥9.0 bn	¥9.0 bn
	International Business	(¥0.0 bn)	¥0.0 bn	¥1.1 bn
	Food & Soft Drinks	¥0.3 bn	¥1.0 bn	¥2.7 bn
	Restaurants	¥0.5 bn	¥0.8 bn	¥1.0 bn
	Real Estate	¥9.3 bn	¥8.3 bn	¥7.3 bn
	Other	(¥0.4 bn)	(¥0.1 bn)	¥0.0 bn
	Corporate and intercompany transactions	(¥2.9 bn)	(¥3.7 bn)	(¥3.3 bn)
	Consolidated total	¥14.4 bn	¥15.3 bn	¥17.8 bn
	Consolidated total (before goodwill amortization)	¥18.2 billion	¥19.2 billion	¥21.6 billion

*Assumed exchange rates: 2013-2014: US\$ = ¥85.00, CAN\$ = ¥83.00

*Effective the three months ended March 31, 2013, Sapporo Logistics Systems Co., Ltd., which was previously included in the Japanese Alcoholic Beverages segment, and Pokka Logistics Co., Ltd., which was previously included in the Food & Soft Drinks segment, were reclassified to the Other segment. Additionally, effective the three months ended March 31, 2013, Pokka Food (Singapore) Pte. Ltd. which was previously included in the Food & Soft Drinks segment was reclassified to the Restaurants segment. These changes have been retroactively applied to the above figures for 2012.

*Since the government's consumption tax policy was uncertain as of February 8, the above 2014 targets do not take into account the impact of a consumption tax increase.



Reference: Supplementary Information to Results for the First Nine Months of 2013

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



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Japanese Alcoholic Beverages

Results highlights

Net sales increased year over year and total sales volumes for beer and beer-type beverages exceeded the previous year's level, as sales volume of beer grew 2% year over year and sales of wine, western spirits and shochu also rose year over year. Operating income significantly rose as a result of higher sales as well as cost control over items including marketing expenses.

Key points in business plan: implementation status

1. Bolstering of brand strength of core products (excl. beer and new-genre)

- Premium AlcoholFree: down 1% year over year in the Jan-Sep period



2. Growth as a comprehensive alcoholic beverage enterprise

RTD

- Although Bacardi performed favorably, up 34% from the same period a year earlier, sales volume declined year over year, partly due to lower-than-expected sales of Nectar RTD and TEA'S HI.
- Following the launch of RTD Bacardi Mojito in April, the Bacardi Pina Colada Fizz Bottle was introduced in July.
- Sales of Sapporo Otokoume Sour launched in April for a limited period have been strong and it was made available year-round from the end of September.



(billions of yen)

*Incl. liquor taxes

	(billions of yen)		YoY change	
	2012 3Q	2013 3Q	Amount	%
Net sales*	192.2	195.3	3.1	1.6%
Operating income	0.8	5.5	4.6	541.2%

Wine

- Total net sales rose year over year on growth from imported wines in addition to higher sales of domestic wines.
- Imported wines: Strong performance from Yellow Tail and Garcia Carrion
- Domestic wines: Strong performance from Grande Polaire



Western Spirits

- Conclusion of an operating alliance agreement with Bacardi Japan, supplier of the world's No.1 rum brand.

Start of sales in Oct 2011

- Significant year-over-year increase in net sales
- Active business development in both the household and commercial markets
- Sales of RTS* product "Bacardi Classic Cocktails Mojito" have been progressing at a rate significantly exceeding the plan

*Ready to serve. Liqueur which can be made into cocktail just by adding soda, etc.



Shochu

- Significant year-over-year increase in net sales
- Solid performance from Imo Shochu Kokuimo blended shochu
- Contribution to the sales increase from Kuroumesyu





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International Business

Results highlights

Net sales increased 37.6% year over year as a result of local currency-based growth, mainly in North America, the impact of yen depreciation, and the addition of the JanMarch results of Silver Springs Citrus (SSC).

Operating income rose as increases in income from the North American business as well as SSC significantly exceeded growth in expenses for market development in Vietnam.

Key points in business plan: implementation status

1. North American business growth (excl. SLEEMAN, Sapporo USA)

Silver Springs Citrus (U.S.)

- Acquired a 51% stake in Silver Springs Citrus, the largest U.S. maker of private-brand chilled drinks
 - Full-scale entry into the beverage business in the North American market
 - Consolidation of the profit and loss account from April, 2012
 - Contributing to sales and profits

2. Asian and Oceania Market (excl. Vietnam)

Developments in Singapore

- Household market sales channel expansion in collaboration with POKKA for beer produced in Vietnam
- 2014 sales target: Approx. 150,000 cases (1 case = 355 ml× 24 bottles)
- Striving to be the No. 1 Japanese beer brand.
- 2013 3Q: outperforming the plan. Double digit growth year over year



(billions of yen)

	2012 3Q	2013 3Q	YoY change	
			Amount	%
Net sales	26.3	36.2	9.9	37.6%
Operating income North America, others Vietnam	0.1	1.0	0.8	595.6%
	1.4	2.3	0.9	67.0%
	(1.3)	(1.3)	(0.0)	-

Developments in South Korea

- Strengthened Sapporo brand value and sales structure in South Korea by entering into an alliance with Maeil Dairies Co., Ltd. (**market share leader in cheese, low-fat milk, and chilled coffee drinks**) in January 2012 and acquiring a 15% stake in M's Beverage Co., Ltd., a wholly owned liquor sales subsidiary of Maeil

Non-equity method affiliate

- 2012 sales target of 380,000 cases (1 case = 350 ml× 24 bottles):
420,000 cases sold and target achieved
- 2015 sales target of 1.5 million cases (1 case = 350 ml× 24 bottles)
- Aiming to be the No. 1 imported brand.
- 2013 3Q: Outperforming the plan. Double digit growth year over year

Developments in Oceania

- October 2011 entry into the Australian/New Zealand premium beer market via a licensing agreement with Coopers Brewery Ltd. (**No.3 in Australia's beer market, No. 2 in premium beer market with a 17.3% share**)
- Full-scale start-up in 2012 Aiming to be the No. 1 Japanese beer brand.
- 2012 sales target of 160,000 cases (1 case = **355 ml**× 24 bottles):
160,000 cases sold and target achieved
- 2016 sales target of 500,000 cases (1 case = **355 ml**× 24 bottles)
- 2013 3Q: Progressing in line with the plan. Double digit growth year over year





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Food & Soft Drinks (1)

Results highlights

While domestic beverages sales declined due to the impact of integration preparations and the reduction in the number of product items, overall sales increased with a net increase from the consolidation of Pokka Ace (M) SDN. BHD.

Operating income declined, reflecting the significant sales decline in domestic beverages.

Key points in business plan: implementation status

	(billions of yen)		YoY change	
	2012 3Q	2013 3Q	Amount	%
Net sales	93.4	95.9	2.5	2.7%
Operating income	(0.1)	(1.5)	(1.3)	-
Before GW amortization	1.8	0.5	(1.3)	(70.7%)

Soft Drinks and Food (Domestic): Pokka Sapporo Food & Beverages Ltd. , vending machine operators

Organization of products in five business categories to leverage the strengths of both companies and invest in sales promotion of key brands



Food & Soft Drinks (2)

Key points in business plan: implementation status

Soft Drinks (International):

POKKA Corporation (Singapore) Pte Ltd

1. Expand into countries neighboring Singapore

- Market activation and production capacity expansion measures

2. Bolster sales in existing export markets

- Strengthening of alliances with agencies in the Middle East and Europe

POKKA brand green teabased drinks have high market share in Singapore.



Restaurants (Domestic): POKKA CREATE Co., Ltd.

1. Accelerate opening of highly profitable outlets: new markets, new collaborations
2. Ensure growth potential of existing outlets: effective renovation
3. Improve speed and quality of product development
4. Improve and strengthen capability of FC head office

Outlets: 170 (as of September 30, 2013)
Kanto 97, Tokai 36
Kansai 28, Kyushu 7, Shikoku 2



Restaurants (International): POKKA CORPORATION (Hong Kong)

- Outlet: 36 in total (as of September 30, 2013)
 - Hong Kong 35, Macau 1
- New opening in Jan-Sep 2013 period
 - 5 in total: Tonkichi MomijiTei, Mikichi, Cooper Luwak Art Coffee





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Restaurants

Results highlights

While net sales increased as cumulative sales at existing outlets exceeded the previous year's level by 1%, operating income was at the same level as the previous year due to the significant impact of profit decline in September, when the business was affected by lower sales due to bad weather and the cancellation of special events.

Key points in business plan: implementation status

1. Strengthening of brand appeal and new outlet opening (Japan)

New restaurant opening strategy

➤ Locations opened Jan-Sep 2013: 9 outlets

➤ Synergy with Japanese Alcoholic Beverages: Opening of Yebisu Bar outlets

- New outlet opened in Kyoto, Kobe Sannomiya and Ochanomizu, bringing the number of outlets to 12 as of September 30, 2013

➤ Opening of beer garden

- In the first long-term event at Hisaya Odori Koen Park in Nagoya (as a partner of Nagoya municipality parks)

"Sakae Fountain Beer Festa 2013" (from May 23 to Sept 23)



(billions of yen)

			YoY change	
	2012 3Q	2013 3Q	Amount	%
Net sales	19.9	20.2	0.3	1.7%
Operating income	0.2	0.2	(0.0)	(17.2%)



Yebisu Bar Kyoto Yodobashi



Yebisu Bar Kobe Sannomiya



Yebisu Bar Ochanomizu

2. Earnings structure reform

- Locations closed Jan-Sep 2013: 16
- Locations operating as of September 30, 2013: 186 in Japan, 11 in Singapore



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Real Estate (1)

Results highlights

A stable revenue structure was maintained amid weakening of rent levels in the Tokyo metropolitan area office leasing market.

Key points in business plan: implementation status

Boosting the value of existing properties

Yebisu Garden Place

- Maintenance and improvement of the occupancy rate and achievement of appropriate rent levels
 - Maintained high occupancy rates and rent levels in September on a single-month basis at major Tokyo properties (table at right) compared to the 92% average for office buildings in Tokyo's 5 central wards
 - Augmentation of emergency power supply facilities for completion in spring 2014, has been progressing according to the plan, renovation of the communal space in the second basement, which is a restaurant floor.

Redevelopment of the Ginza and Ebisu Areas

- Redevelopment of Seiwa Yebisu Building*
 - Started redevelopment including expansion of floor area
 - Making smooth progress towards completion in the autumn of 2014 (tentative name: Sapporo Ebisu Building)
- Redevelopment Sapporo Ginza Building*
 - Continuing with assessment, through ongoing discussion with concerned parties, of redevelopment to include total floor area expansion in preparation for redevelopment of the Ginza 4-chome area

(billions of yen)

YoY change

	2012 3Q	2013 3Q	Amount	%
Net sales	17.3	16.8	(0.4)	(2.8%)
Operating income	7.1	6.7	(0.3)	(5.2%)

(As of September 30, 2013)

Major rental properties in Tokyo's 23 wards	Site area (m ²)	Floor area (m ²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place *1	56,943	298,007	91%	40 floors above ground, 5 below
Seiwa Yebisu Building	2,617	—	*0%	6 floors above ground, 1 below
Yebisu Square	1,561	9,126	100%	7 floors above ground, 1 below
Shibuya Sakuragaoka Square	1,200	9,268	100%	10 floors above ground, 1 below
Sapporo Ginza Building	530	4,232	*79%	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.

Occupancy rates are averages for Jan-Sep 2013.

*1: The number of floors is for the office block only. Occupancy rates are for office areas only.
*2: Figures are for entire property. Sapporo owns 922m² of the site (sectional ownership) and 89.72% of the building (joint management)

For more details about our Real Estate business's properties, visit the following website:
(<http://www.yebisu-gp.jp/business/index.html>)



**Sapporo Ginza Building
(completed 1970)**



SAPPORO

Real Estate (2)

Overview of Real Estate Business

- The majority of operating income from the Real Estate business is from real estate leasing.
 - The property portfolio largely comprises properties in Tokyo (5 central wards: see previous page).
 - **Unrealized gain on real estate for lease was ¥125.7 billion as of Dec. 31, 2012.**

Balance sheet value at Dec.31, 2012:209.9 billion yen

Fair value at Dec.31,2012:335.6 billion yen

Operating Income

	Jan-Sep 2012	Jan-Sep 2013	Change (value)	FY2012	FY2013 est.	Change (value)	(billions of yen)
Real estate leasing							
Tokyo's 23 wards	6.4	6.0	(0.4)	8.6	7.8	(0.8)	
Other areas	0.8	0.8	0.0	1.0	0.9	(0.0)	
Real estate leasing total	7.2	4.6	(0.3)	9.6	8.8	(0.8)	
Real estate total	-	-	-	-	-	-	
Other operations*	(0.1)	(0.1)	(0.0)	(0.2)	-0.5	(0.2)	
Total	7.1	6.7	(0.3)	9.3	8.3	(1.0)	

EBITDA

**Other operations* includes back-office operations.
EBITDA = operating income + depreciation and amortization

	Jan-Sep 2012	Jan-Sep 2013	Change (value)	FY2012	FY2013 est.	Change (value)
Real estate leasing						
Tokyo's 23 wards	9.1	8.5	(0.5)	12.1	11.2	(0.9)
Other areas	1.3	1.4	0.0	1.7	1.6	(0.0)
Real estate leasing total	10.5	10.0	(0.5)	13.8	12.9	(1.0)
Real estate total	-	-	-	-	-	-
Other operations*	0.1	0.1	(0.0)	0.1	(0.1)	(0.2)
Total	10.6	10.1	(0.5)	14.0	12.7	(1.3)



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.